

TOWN OF FLEMINGTON

**Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)**

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TOWN OF FLEMINGTON

**SEWER REVENUE BONDS,
SERIES 1998 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND ORDINANCE

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TOWN OF FLEMINGTON

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC SEWERAGE SYSTEM OF THE TOWN OF FLEMINGTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN \$663,700 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 FLEMINGTON:

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 16, Article 13, Chapter 22C, Article 2 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 Flemington (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Taylor County of said State.

B. The Issuer does not now own or operate a public sewerage system, but desires to acquire, construct and operate such a system, and additions, extensions and improvements thereto. The inhabitants of the Issuer and surrounding area urgently require that a public sewerage system be acquired and constructed as herein provided. Accordingly, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed a new public sewerage system of the Issuer, consisting of a sanitary sewer collection and wastewater treatment facility, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the Project and any further additions thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than \$823,700 in two series (collectively, the "Series 1998 Bonds"), being the Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), in the aggregate principal amount of not more than \$160,000 (the "Series 1998 A Bonds"), and the Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$663,700 (the "Series 1998 B Bonds"), to permanently finance costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1998 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1998 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1998 Bonds or the

repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1998 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and its Series 1998 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are no outstanding bonds, obligations or other indebtedness of the Issuer which will rank prior to or on parity with or junior to the Series 1998 Bonds as to liens, pledge, source of and security for payment. The Series 1998 A Bonds and the Series 1998 B Bonds shall be issued on a parity with each other.

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 and the principal of and interest on the Series 1998 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1998 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, 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 1998 Bonds or such final order will not be subject to appeal.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1998 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect

to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1998 Bonds are to be issued.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 1998 Bonds for the purposes set forth herein.

L. 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 1998 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 1998 Bonds, all of 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 16, Article 13, Chapter 22C, Article 2 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 1998 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 DEP and 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.

"Board" means the Sanitary Board of the Issuer.

"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 1998 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 1998 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1998 Bonds from the Authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Mayor" means the Mayor of the Issuer.

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

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

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

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

amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1998 Bonds in the Supplemental Resolution.

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

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

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan

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

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

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

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

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

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from 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 5.01 hereof.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 1998 Bonds.

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

"Series 1998 A Bonds" means the Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 1998 A Bonds Construction Trust Fund" means the Series 1998 A Bonds Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Series 1998 B Bonds" means the Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 1998 B Bonds Construction Trust Fund" means the Series 1998 B Bonds Construction Trust Fund established by Section 5.01 hereof.

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

"Series 1998 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 1998 B Bonds in the then current or any succeeding year.

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

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

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 1998 A Bonds.

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1998 Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts.

"System" means, collectively, the Project initially, and the complete municipal sewage treatment and collection system of the Issuer, or any integral part thereof, and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

"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 of \$2,135,139, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1998 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP, the Council and the Authority.

The cost of the Project is estimated not to exceed \$2,135,139, of which approximately \$160,000 will be obtained from proceeds of the Series 1998 A Bonds, approximately \$663,700 will be obtained from proceeds of the Series 1998 B Bonds, approximately \$440,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), approximately \$765,000 from a grant by the United States Economic Development Administration and approximately \$106,439 from a grant by the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1998 Bonds, funding a reserve account for the Series 1998 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1998 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 1998 Bonds of the Issuer. The Series 1998 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program)," in the principal amount of not more than \$160,000, and "Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund)," in the principal amount of not more than \$663,700 and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Series 1998 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 1998 Bonds. The Series 1998 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal

installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 1998 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 1998 Bonds shall cease to be such officer of the Issuer before the Series 1998 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1998 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

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

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

So long as the Series 1998 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 1998 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 1998 Bonds or transferring the registered Series 1998 Bonds are exercised, all Series 1998 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1998 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1998 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1998 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1998 Bonds or, in the case of any proposed redemption of Series 1998 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 1998 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1998 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein

provided. No Holder or Holders of the Series 1998 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1998 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of debt service of the Series 1998 A Bonds and the Series 1998 B Bonds shall be secured equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 1998 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

- A. If other than the Authority, a list of the names in which the Series 1998 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1998 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 1998 Bonds.

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

(FORM OF SERIES 1998 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF FLEMINGTON
SEWER REVENUE BOND,
SERIES 1998 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-_____

\$_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 199____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public sewerage system for the Issuer (the "Project"); and (ii) to pay

certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 199____, ISSUED CONCURRENTLY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 1998 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1998 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1998 B Bonds; provided however, that so long as there exists in the Series 1998 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the

Series 1998 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF FLEMINGTON 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 _____, 199 ____.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 199 ____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 1998 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF FLEMINGTON
SEWER REVENUE BOND,
SERIES 1998 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-_____

\$_____

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

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public sewerage system for the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. 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 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 199__, ISSUED CONCURRENTLY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 1998 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1998 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 Net Revenues, the moneys in the Series 1998 B 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 prior to or on a parity with the Bonds, including the Series 1998 A Bonds; provided however, that so long as there exists in the Series 1998 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1998 A Bonds, an amount at least equal to the requirement

therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the 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 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 FLEMINGTON 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 _____, 199 ____.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 199__.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1998 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.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with 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;
- (3) Series 1998 A Bonds Construction Trust Fund; and
- (4) Series 1998 B 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 1998 A Bonds Sinking Fund;
- (2) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account;
- (3) Series 1998 B Bonds Sinking Fund; and
- (4) Within the Series 1998 B Bonds Sinking Fund, the Series 1998 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 moneys in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

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

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

(4) The Issuer shall next, on the first day of each month, commencing with the first month in which principal shall be payable from the Revenue Fund, transfer from the Revenue Fund to the Renewal and Replacement Fund, a sum equal to not less than 2 1/2 % of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 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 respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1998 A Bonds and the Series 1998 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

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

As and when additional Bonds ranking on a parity with the Series 1998 Bonds are issued, provision shall be made for additional payments into the respective sinking fund

sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund or the Series 1998 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 1998 A Bonds and the Series 1998 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 1998 Bonds, in accordance with the respective principal amounts then Outstanding.

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

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

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 1998 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 1998 A Bonds.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1998 A Bonds, 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 paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1998 A Bonds, there shall first be deposited with the Commission in the Series 1998 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 1998 B Bonds, there shall first be deposited with the Commission in the Series 1998 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

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

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

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 A 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 1998 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 B 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 1998 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1998 A Bonds shall be expended as approved by the DEP and any remaining proceeds of the Series 1998 B Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 1998 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1998 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1998 A Bonds which shall be made upon request of the Issuer) shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 1998 A Bonds, and

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

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

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

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

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

B. 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 shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1998 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 1998 B Bonds which shall be made upon request of the Issuer) shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

- (b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (c) Each of such costs has been otherwise properly incurred; and
- (d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the respective Bond Construction Trust Funds, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1998 Bonds shall be secured equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 1998 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer duly enacted on October 2, 1997.

Section 7.05. Sale of the System. So long as the Series 1998 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1998 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP,

the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1998 Bonds. Any balance remaining after the payment of the Series 1998 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of \$50,000, 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 the Issuer 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 \$50,000 but not in excess of \$200,000, 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 the Issuer may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of \$200,000 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 7.06 and 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 1998 Bonds. All obligations issued by the Issuer after the issuance of the Series 1998 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 1998 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all

funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

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

The Issuer shall give the Authority, the DEP 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. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1998 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the DEP and the Council and without complying with the conditions and requirements herein provided.

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

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 1998 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the date of issuance of 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 expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the 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 prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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

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

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

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

The Issuer shall permit the Authority, the DEP and the Council, or their agents and representatives, to inspect all records pertaining to the operation 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 Authority, the DEP and the Council, or any other original purchaser of the Series 1998 Bonds, and shall mail in each year to any Holder or Holders of the Series 1998 Bonds, requesting the same, an annual report containing the following:

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

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

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

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

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement for the Series 1998 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 Bonds and all other obligations secured by a lien on or payable from such

revenues prior to or on a parity with the Series 1998 Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1998 A Reserve Account, the Series 1998 B Bonds Reserve Account and the reserve accounts for obligations prior to or on a parity with the Series 1998 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1998 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the DEP 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 within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP, 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 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 2 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, the DEP 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 Authority, the DEP and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the DEP and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority, the DEP and the Council covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the DEP, 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 1998 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 25% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. 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 1998 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for 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 Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

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

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

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

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP and the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP, 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. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1998 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

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

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

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

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

Section 7.21. **Contracts.** A. The Issuer shall, simultaneously with the delivery of the Series 1998 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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 if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes.

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

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

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1998 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1998 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1998 Bonds are issued does not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

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

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

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

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

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 1998 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1998 Bonds, and such default shall have continued for a period of 30 days after the Issuer or Issuer, as appropriate 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 or 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 hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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 1998 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 Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1998 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 1998 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 1998 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1998 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 respective rights of Registered Owners of the Series 1998 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1998 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1998 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, if any, on the Series 1998 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 1998 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. 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 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

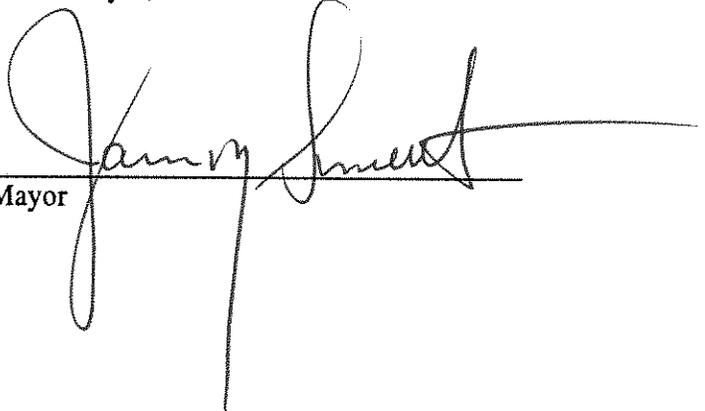
Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Mountain Statesman, a newspaper of general circulation in the Town of Flemington, no qualified newspaper being 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.

Passed on First Reading: April 16, 1998

Passed on Second Reading: April 23, 1998

Passed on Final Reading
Following Public
Hearing: May 7, 1998

Mayor 

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF FLEMINGTON on the 7th day of May, 1998.

Dated: June 4, 1998.

[SEAL]


Recorder

05/06/98
292210/97001

EXHIBIT A

Loan Agreement is included in bond transcript as Documents 3 and 4.

TOWN OF FLEMINGTON

Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF FLEMINGTON, RATIFYING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the town council (the "Governing Body") of the Town of Flemington (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective May 7, 1998 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC SEWERAGE SYSTEM OF THE TOWN OF FLEMINGTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN \$663,700 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING

EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 1998 A Bonds" and the "Series 1998 B Bonds"), in the respective aggregate principal amounts not to exceed \$160,000 and \$663,700, and has authorized the execution and delivery of the loan agreement relating to the Series 1998 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") and the loan agreement relating to the Series 1998 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13, Chapter 22C, Article 2 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, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be ratified and approved by the Issuer, that the exact principal amount, the date,

the maturity date, 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 THE TOWN OF FLEMINGTON:

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:

A. The Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$160,000. The Series 1998 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2019, and shall bear no interest. The principal of the Series 1998 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2000, and ending December 1, 2019, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1998 A Bonds. The Series 1998 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1998 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 1998 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

B. The Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$663,700. The Series 1998 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2038, and shall bear no interest. The principal of the Series 1998 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1999, and ending March 1, 2038, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1998 B Bonds. The Series 1998 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1998 B Bonds.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate One Valley Bank of Clarksburg, National Association, Grafton, West Virginia, to serve as Depository Bank under the Bond Ordinance.

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

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

Section 9. Series 1998 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1998 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 1998 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1998 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 1998 A Bonds and the Series 1998 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. 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 Bonds may be delivered on or about June 4, 1998, to the Authority pursuant to the Loan Agreement.

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

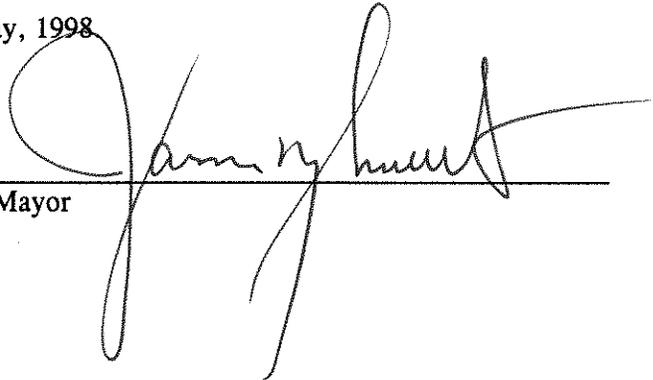
Section 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 7th day of May, 1998

Mayor

A handwritten signature in black ink, appearing to read "James R. Hunt", is written over a horizontal line. The signature is fluid and cursive, with a large initial "J" and a long, sweeping tail.

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Flemington on the 7th day of May, 1998.

Dated: June 4, 1998.

[SEAL]

Judy Stewart
Recorder

05/05/98
292210/96001

LOAN AGREEMENT

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

TOWN OF FLEMINGTON
(Local Government)

WITNESSETH:

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

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of

wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Local Government agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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Co./Dept.		Co.			
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to the System or eliminating any deficiencies

legal purposes of the System, including payment subordinate and inferior to the Local Bonds.

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and

on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

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

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

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

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

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

(xx) That the Local Government shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will

not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Local Government, then the Local Government shall enter into a termination agreement with the water provider.

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by local governments in the terms and covenants of loan agreements, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

- (i) written notice of termination to the Local Government from either the Authority or DEP;
- (ii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

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

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

Town of Flemington
[Proper Name of Local Government]

(SEAL)

By: [Signature]
Its: Mayor

Attest:

Date: April 20, 1998

[Signature]
Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: [Signature]
Its: Chief, Office of Water Resources

Date: 4/27/98

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: [Signature]
Its: Director

Attest:

Date: April 10, 1998

[Signature]
Secretary-Treasurer

APPROVED AS TO FORM PRIOR TO ACKNOWLEDGEMENT THEREOF, THIS
25th day of September 1997
DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

By: [Signature]
DEPUTY ATTORNEY GENERAL

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

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

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

Witnesseth my signature this ____ day of _____, ____.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

1. The Bonds are being issued for the purpose of _____

(the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and

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

WITNESS my signature on this _____ day of _____, 19____.

By _____

West Virginia License No. ____

[SEAL]

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The loan recipient that receives \$25,000 or more in a fiscal year must obtain audits in accordance with the Single Audit Act of 1984 and OMB Circular 128. Financial statement audits are required once all funds have been received by the loan recipient.

C. Title Opinion certifying that all necessary easements and/or rights-of-way will be obtained so that the construction of and operation of the project will not be delayed.

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Re: [Name of bond issue]

Dear Sirs:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Fund: \$_____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$ _____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on _____ 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE Y

Town of Flemington, West Virginia
 \$160,000.00 -- 20 Year Loan
 0% Interest Rate, 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/1999	-	-	-
3/01/2000	2,000.00	-	2,000.00
6/01/2000	2,000.00	-	2,000.00
9/01/2000	2,000.00	-	2,000.00
12/01/2000	2,000.00	-	2,000.00
3/01/2001	2,000.00	-	2,000.00
6/01/2001	2,000.00	-	2,000.00
9/01/2001	2,000.00	-	2,000.00
12/01/2001	2,000.00	-	2,000.00
3/01/2002	2,000.00	-	2,000.00
6/01/2002	2,000.00	-	2,000.00
9/01/2002	2,000.00	-	2,000.00
12/01/2002	2,000.00	-	2,000.00
3/01/2003	2,000.00	-	2,000.00
6/01/2003	2,000.00	-	2,000.00
9/01/2003	2,000.00	-	2,000.00
12/01/2003	2,000.00	-	2,000.00
3/01/2004	2,000.00	-	2,000.00
6/01/2004	2,000.00	-	2,000.00
9/01/2004	2,000.00	-	2,000.00
12/01/2004	2,000.00	-	2,000.00
3/01/2005	2,000.00	-	2,000.00
6/01/2005	2,000.00	-	2,000.00
9/01/2005	2,000.00	-	2,000.00
12/01/2005	2,000.00	-	2,000.00
3/01/2006	2,000.00	-	2,000.00
6/01/2006	2,000.00	-	2,000.00
9/01/2006	2,000.00	-	2,000.00
12/01/2006	2,000.00	-	2,000.00
3/01/2007	2,000.00	-	2,000.00
6/01/2007	2,000.00	-	2,000.00
9/01/2007	2,000.00	-	2,000.00
12/01/2007	2,000.00	-	2,000.00
3/01/2008	2,000.00	-	2,000.00
6/01/2008	2,000.00	-	2,000.00
9/01/2008	2,000.00	-	2,000.00
12/01/2008	2,000.00	-	2,000.00
3/01/2009	2,000.00	-	2,000.00
6/01/2009	2,000.00	-	2,000.00
9/01/2009	2,000.00	-	2,000.00
12/01/2009	2,000.00	-	2,000.00
3/01/2010	2,000.00	-	2,000.00
6/01/2010	2,000.00	-	2,000.00
9/01/2010	2,000.00	-	2,000.00
12/01/2010	2,000.00	-	2,000.00

Town of Flemington, West Virginia
 \$160,000.00 -- 20 Year Loan
 0% Interest Rate, 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2011	2,000.00	-	2,000.00
6/01/2011	2,000.00	-	2,000.00
9/01/2011	2,000.00	-	2,000.00
12/01/2011	2,000.00	-	2,000.00
3/01/2012	2,000.00	-	2,000.00
6/01/2012	2,000.00	-	2,000.00
9/01/2012	2,000.00	-	2,000.00
12/01/2012	2,000.00	-	2,000.00
3/01/2013	2,000.00	-	2,000.00
6/01/2013	2,000.00	-	2,000.00
9/01/2013	2,000.00	-	2,000.00
12/01/2013	2,000.00	-	2,000.00
3/01/2014	2,000.00	-	2,000.00
6/01/2014	2,000.00	-	2,000.00
9/01/2014	2,000.00	-	2,000.00
12/01/2014	2,000.00	-	2,000.00
3/01/2015	2,000.00	-	2,000.00
6/01/2015	2,000.00	-	2,000.00
9/01/2015	2,000.00	-	2,000.00
12/01/2015	2,000.00	-	2,000.00
3/01/2016	2,000.00	-	2,000.00
6/01/2016	2,000.00	-	2,000.00
9/01/2016	2,000.00	-	2,000.00
12/01/2016	2,000.00	-	2,000.00
3/01/2017	2,000.00	-	2,000.00
6/01/2017	2,000.00	-	2,000.00
9/01/2017	2,000.00	-	2,000.00
12/01/2017	2,000.00	-	2,000.00
3/01/2018	2,000.00	-	2,000.00
6/01/2018	2,000.00	-	2,000.00
9/01/2018	2,000.00	-	2,000.00
12/01/2018	2,000.00	-	2,000.00
3/01/2019	2,000.00	-	2,000.00
6/01/2019	2,000.00	-	2,000.00
9/01/2019	2,000.00	-	2,000.00
12/01/2019	2,000.00	-	2,000.00
TOTAL	160,000.00	-	160,000.00 *

*Plus one-percent administrative fee paid quarterly in the amount of \$202.50. Total administrative fee paid over the life of the loan is \$16,200.

LOAN AGREEMENT

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

TOWN OF FLEMINGTON
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

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

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

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

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

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

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

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

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 15th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local

counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule

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

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

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

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

(b) Covenants substantially as follows:

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

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

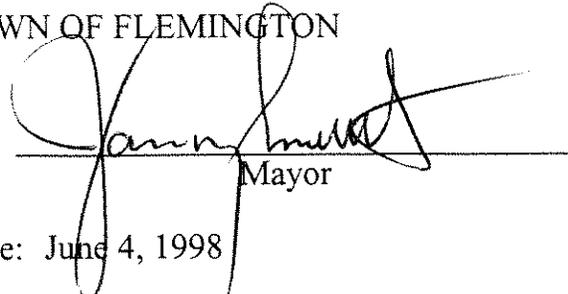
- (i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

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

TOWN OF FLEMINGTON

(SEAL)

By: 
Mayor

Date: June 4, 1998

Attest:


Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: 
Director

Date: June 4, 1998

Attest:

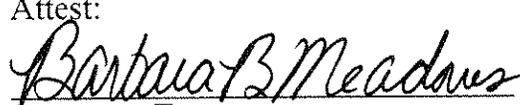

Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the West Virginia [Division of Environmental Protection][Bureau for Public Health]; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably

pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

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

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
c/o West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - __

Report Month: _____

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

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

[Name of Governmental Agency]

By: _____
Authorized Officer

CHASFS3:58465

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$663,700
Purchase Price of Bonds	\$663,700

Principal on the Bonds is payable quarterly, commencing December 1, 1999 to and including March 1, 2038, at a rate of 0% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on a parity with the Governmental Agency's Sewer Revenue Bonds Series 1998A issued simultaneously herewith.

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

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal only and such Bonds shall grant the Authority a first lien on the net revenues of the Governmental Agency's system.

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

Quarterly Debt Service Schedule

Town of Flemington \$663,700 Infrastructure Fund Loan				
Term (Yrs.): 40		Loan Rate: 0.00%		
First Payment:	12/01/99	Final Payment:	3/1/38	
Date	#	Principal	Interest	Total
3/1/98		-	-	0.00
6/1/98		-	-	0.00
9/1/98		-	-	0.00
12/1/98		-	-	0.00
3/1/99		-	-	0.00
6/1/99		-	-	0.00
9/1/99		-	-	0.00
12/1/99	1	4,309.74	-	4,309.74
3/1/00	2	4,309.74	-	4,309.74
6/1/00	3	4,309.74	-	4,309.74
9/1/00	4	4,309.74	-	4,309.74
12/1/00	5	4,309.74	-	4,309.74
3/1/01	6	4,309.74	-	4,309.74
6/1/01	7	4,309.74	-	4,309.74
9/1/01	8	4,309.74	-	4,309.74
12/1/01	9	4,309.74	-	4,309.74
3/1/02	10	4,309.74	-	4,309.74
6/1/02	11	4,309.74	-	4,309.74
9/1/02	12	4,309.74	-	4,309.74
12/1/02	13	4,309.74	-	4,309.74
3/1/03	14	4,309.74	-	4,309.74
6/1/03	15	4,309.74	-	4,309.74
9/1/03	16	4,309.74	-	4,309.74
12/1/03	17	4,309.74	-	4,309.74
3/1/04	18	4,309.74	-	4,309.74
6/1/04	19	4,309.74	-	4,309.74
9/1/04	20	4,309.74	-	4,309.74
12/1/04	21	4,309.74	-	4,309.74
3/1/05	22	4,309.74	-	4,309.74
6/1/05	23	4,309.74	-	4,309.74
9/1/05	24	4,309.74	-	4,309.74
12/1/05	25	4,309.74	-	4,309.74
3/1/06	26	4,309.74	-	4,309.74
6/1/06	27	4,309.74	-	4,309.74
9/1/06	28	4,309.74	-	4,309.74
12/1/06	29	4,309.74	-	4,309.74
3/1/07	30	4,309.74	-	4,309.74
6/1/07	31	4,309.74	-	4,309.74
9/1/07	32	4,309.74	-	4,309.74
12/1/07	33	4,309.74	-	4,309.74
3/1/08	34	4,309.74	-	4,309.74

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/08	35	4,309.74	-	4,309.74
9/1/08	36	4,309.74	-	4,309.74
12/1/08	37	4,309.74	-	4,309.74
3/1/09	38	4,309.74	-	4,309.74
6/1/09	39	4,309.74	-	4,309.74
9/1/09	40	4,309.74	-	4,309.74
12/1/09	41	4,309.74	-	4,309.74
3/1/10	42	4,309.74	-	4,309.74
6/1/10	43	4,309.74	-	4,309.74
9/1/10	44	4,309.74	-	4,309.74
12/1/10	45	4,309.74	-	4,309.74
3/1/11	46	4,309.74	-	4,309.74
6/1/11	47	4,309.74	-	4,309.74
9/1/11	48	4,309.74	-	4,309.74
12/1/11	49	4,309.74	-	4,309.74
3/1/12	50	4,309.74	-	4,309.74
6/1/12	51	4,309.74	-	4,309.74
9/1/12	52	4,309.74	-	4,309.74
12/1/12	53	4,309.74	-	4,309.74
3/1/13	54	4,309.74	-	4,309.74
6/1/13	55	4,309.74	-	4,309.74
9/1/13	56	4,309.74	-	4,309.74
12/1/13	57	4,309.74	-	4,309.74
3/1/14	58	4,309.74	-	4,309.74
6/1/14	59	4,309.74	-	4,309.74
9/1/14	60	4,309.74	-	4,309.74
12/1/14	61	4,309.74	-	4,309.74
3/1/15	62	4,309.74	-	4,309.74
6/1/15	63	4,309.74	-	4,309.74
9/1/15	64	4,309.74	-	4,309.74
12/1/15	65	4,309.74	-	4,309.74
3/1/16	66	4,309.74	-	4,309.74
6/1/16	67	4,309.74	-	4,309.74
9/1/16	68	4,309.74	-	4,309.74
12/1/16	69	4,309.74	-	4,309.74
3/1/17	70	4,309.74	-	4,309.74
6/1/17	71	4,309.74	-	4,309.74
9/1/17	72	4,309.74	-	4,309.74
12/1/17	73	4,309.74	-	4,309.74
3/1/18	74	4,309.74	-	4,309.74
6/1/18	75	4,309.74	-	4,309.74
9/1/18	76	4,309.74	-	4,309.74
12/1/18	77	4,309.74	-	4,309.74
3/1/19	78	4,309.74	-	4,309.74
6/1/19	79	4,309.74	-	4,309.74
9/1/19	80	4,309.74	-	4,309.74
12/1/19	81	4,309.74	-	4,309.74
3/1/20	82	4,309.74	-	4,309.74

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/20	83	4,309.74	-	4,309.74
9/1/20	84	4,309.74	-	4,309.74
12/1/20	85	4,309.74	-	4,309.74
3/1/21	86	4,309.74	-	4,309.74
6/1/21	87	4,309.74	-	4,309.74
9/1/21	88	4,309.74	-	4,309.74
12/1/21	89	4,309.74	-	4,309.74
3/1/22	90	4,309.74	-	4,309.74
6/1/22	91	4,309.74	-	4,309.74
9/1/22	92	4,309.74	-	4,309.74
12/1/22	93	4,309.74	-	4,309.74
3/1/23	94	4,309.74	-	4,309.74
6/1/23	95	4,309.74	-	4,309.74
9/1/23	96	4,309.74	-	4,309.74
12/1/23	97	4,309.74	-	4,309.74
3/1/24	98	4,309.74	-	4,309.74
6/1/24	99	4,309.74	-	4,309.74
9/1/24	100	4,309.74	-	4,309.74
12/1/24	101	4,309.74	-	4,309.74
3/1/25	102	4,309.74	-	4,309.74
6/1/25	103	4,309.74	-	4,309.74
9/1/25	104	4,309.74	-	4,309.74
12/1/25	105	4,309.74	-	4,309.74
3/1/26	106	4,309.74	-	4,309.74
6/1/26	107	4,309.74	-	4,309.74
9/1/26	108	4,309.74	-	4,309.74
12/1/26	109	4,309.74	-	4,309.74
3/1/27	110	4,309.74	-	4,309.74
6/1/27	111	4,309.74	-	4,309.74
9/1/27	112	4,309.74	-	4,309.74
12/1/27	113	4,309.74	-	4,309.74
3/1/28	114	4,309.74	-	4,309.74
6/1/28	115	4,309.74	-	4,309.74
9/1/28	116	4,309.74	-	4,309.74
12/1/28	117	4,309.74	-	4,309.74
3/1/29	118	4,309.74	-	4,309.74
6/1/29	119	4,309.74	-	4,309.74
9/1/29	120	4,309.74	-	4,309.74
12/1/29	121	4,309.74	-	4,309.74
3/1/30	122	4,309.74	-	4,309.74
6/1/30	123	4,309.74	-	4,309.74
9/1/30	124	4,309.74	-	4,309.74
12/1/30	125	4,309.74	-	4,309.74
3/1/31	126	4,309.74	-	4,309.74
6/1/31	127	4,309.74	-	4,309.74
9/1/31	128	4,309.74	-	4,309.74
12/1/31	129	4,309.74	-	4,309.74
3/1/32	130	4,309.74	-	4,309.74

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/32	131	4,309.74	-	4,309.74
9/1/32	132	4,309.74	-	4,309.74
12/1/32	133	4,309.74	-	4,309.74
3/1/33	134	4,309.74	-	4,309.74
6/1/33	135	4,309.74	-	4,309.74
9/1/33	136	4,309.74	-	4,309.74
12/1/33	137	4,309.74	-	4,309.74
3/1/34	138	4,309.74	-	4,309.74
6/1/34	139	4,309.74	-	4,309.74
9/1/34	140	4,309.74	-	4,309.74
12/1/34	141	4,309.74	-	4,309.74
3/1/35	142	4,309.74	-	4,309.74
6/1/35	143	4,309.74	-	4,309.74
9/1/35	144	4,309.74	-	4,309.74
12/1/35	145	4,309.74	-	4,309.74
3/1/36	146	4,309.74	-	4,309.74
6/1/36	147	4,309.74	-	4,309.74
9/1/36	148	4,309.74	-	4,309.74
12/1/36	149	4,309.74	-	4,309.74
3/1/37	150	4,309.74	-	4,309.74
6/1/37	151	4,309.74	-	4,309.74
9/1/37	152	4,309.74	-	4,309.74
12/1/37	153	4,309.74	-	4,309.74
3/1/38	154	4,309.78	-	4,309.78
\$		663,700.00	\$	-
				663,700.00

Summary Statistics:	
Average Annual Cost -	\$16,592.50
Average Life -	20.875
Average Interest Rate -	0.0000%
Net Interest Cost (NIC)	0.0000%
True Interest Cost (TIC)	0.0000%
Tax Yield (I.R.C. Section 148)	0.0000%
All-in Yield (AIC)	0.0000%

Data for Form 8038:		
	Line 19:	Line 20:
(a)	3/1/38	N/A
(b)	0.000%	N/A
(c)	\$4,309.80	\$663,700.00
(d)	\$4,309.80	\$663,700.00
(e)	N/A	20.875
(f)	N/A	0.0000%
(g)	N/A	0.0000%

MAR - 4 1998

Thrasher Engineering Inc

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: February 5, 1998

2-25-98
as corrected 2-9-98

CASE NO. 97-0859-S-CN

THE TOWN OF FLEMINGTON,
a municipal corporation.

Application for a certificate of convenience
and necessity to construct a sanitary sewage
collection and wastewater treatment facility
in Flemington, Taylor County.

RECOMMENDED DECISION

On July 3, 1997, The Town of Flemington (Town or Applicant), a municipal corporation, filed an application for a certificate of convenience and necessity to construct a sanitary sewer collection and wastewater treatment facility. The Applicant estimates that construction will cost approximately \$2,028,700. Funding for the project is to consist of a United States Economic Development Administration (USEDA) Grant in the amount of \$765,000; a Small Cities Block Grant in the \$440,000; a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of \$663,700; and a loan from the State Revolving Fund in the amount of \$160,000. The Applicant proposes rates and charges for its sewer customers with a minimum bill of \$21.00.

By Order entered July 7, 1997, the Applicant was directed to give notice of the filing by publishing a copy of the Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Taylor County, making due return to the Commission of proper certification of publication immediately after publication. The Notice provided that anyone desiring to make objection to the application was to do so within thirty days of the publication of the Notice.

On July 24, 1997, Commission Staff filed its Initial Joint Staff Memorandum recommending that the matter be referred to the Division of Administrative Law Judges for disposition.

By Order entered August 4, 1997, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before January 29, 1998.

On August 13, 1997, and September 8, 1997, the Applicant filed additional information regarding its funding commitment letters and its Rule 42 Exhibit.

On September 17, 1997, the Applicant filed an affidavit of publication indicating that the Notice of Filing was published on July 14, 1997, in The Mountain Statesman, a newspaper of general circulation in Taylor County.

On October 3, 1997, Commission Staff filed its Final Joint Staff Memorandum indicating that it was reviewing the project and would make final recommendations by further final memorandum as soon as possible.

On October 6, 1997, the Applicant filed additional information regarding its sanitary sewer project.

By Order issued October 21, 1997, this matter was set for hearing to be held on November 6, 1997, in the Community Building, Flemington, West Virginia, to commence at 2:00 p.m.

On October 31, 1997, Staff filed a Final Joint Staff Memorandum with an attachment indicating that additional information would be needed before it could make a recommendation.

On November 4, 1997, the Applicant requested that the hearing scheduled to be held on November 6, 1997, be cancelled. The Applicant also requested that a "reasonable extension of time in which you must make a decision be granted."

By Order issued November 4, 1997, the hearing scheduled to be held on November 6, 1997, was cancelled. The Executive Secretary's office was directed to treat the November 4, 1997 correspondence as a request for an extension of the Administrative Law Judge's decision due date.

On November 12, 1997, the Commission extended the Administrative Law Judge's decision due date until February 17, 1998. Also, the applicant filed additional information for Staff's review.

On November 13, 1997, the Applicant filed additional information indicating that it had adopted a new sewer ordinance.

On December 15, 1997, Staff filed a Further Final Joint Staff Memorandum recommending conditional approval of the certificate. The estimated revised project cost is \$2,203,700.00. Funding for the project has been amended to include a USEDA Grant in the amount of \$765,000; a Small Cities Block Grant in the amount of \$440,000; a grant from the WVIJDC in the amount of \$175,000; a loan from WVIJDC in the amount of \$663,700, for a period not to exceed forty (40) years at 0% interest; and a loan from the State Revolving Fund in the amount of \$160,000, for a period not to exceed twenty (20) years at an interest rate not to exceed 1%. The Applicant's proposed rates provide an adequate cash flow, with a debt coverage of 120%. Staff noted that the Town's rates and charges were passed by municipal ordinance, adopted October 2, 1997, following a public hearing. The rates are not to go into effect until the project is substantially completed.

Staff believes the project is necessary because the majority of septic systems in the Town are failing. The individual homes also utilize outhouses or discharge directly into surface water (storm) drains. The lack of adequate sewage collection and treatment facilities is creating a

potential health hazard by polluting the Simpson Creek. Staff believes the operation and maintenance expenses of \$36,615.00, are reasonable. Staff's review of the project's plans, specifications and contract documents did not reveal a conflict with Commission's Rules and Regulations for the Government of Sewer Utilities. However, a concern was noted about the close proximity of the sewer mains to natural gas mains in several areas of the project. Extreme caution was recommended to avoid rupturing the gas mains. Staff advised that the project's plans and specifications have been approved by the West Virginia Division of Environmental Protection, but a National Pollutant Discharge Elimination System (NPDES) Permit is pending. Staff recommended that the project be approved, subject to the receipt of the NPDES Permit from the West Virginia Department of Environmental Protection and that the project cost not exceed \$2,203,700.

By Order entered December 16, 1997, the matter was set for hearing to be held on January 9, 1998, in the Community Building, Flemington, West Virginia, to commence at 2:00 p.m. By correspondence dated December 16, 1997, Staff Attorney Meyishi Blair advised that the project will cost \$2,203,700 rather than \$2,028,700. She noted that additional funds were obtained from the West Virginia Infrastructure Council. Staff Attorney Blair opined that, since the rates for the project will not be affected, additional notice of the project is not needed.

On January 5, 1998, the Town of Flemington advised that it has reviewed Staff's recommendation and does not desire a hearing.

By Order issued January 7, 1998, the hearing scheduled to be held on January 9, 1998, was cancelled.

FINDINGS OF FACT

1. On July 3, 1997, The Town of Flemington, a municipal corporation, filed an application for a certificate of convenience and necessity to construct a sanitary sewer collection and wastewater treatment facility to consist of 19,187 LF of 8" and 5,478 LF of 6" gravity sewer mains; 4,555 LF of 4" gravity service laterals; 275 LF of 1-1/2" and 3,000 LF of 3" pressure force mains; 110 manholes; 42 sanitary sewer clean outs; 2 duplex grinder pump stations; 1 simplex grinder pump station; and a 40,000 GPD extended aeration package wastewater treatment plant. (See, application).

2. The estimated project cost has been revised from \$2,028,700.00 to \$2,203,700.00. (See, correspondence received November 12, 1997; Further Final Joint Staff Memorandum received December 15, 1997).

3. Financing for the project has been amended to include a USED A Grant in the amount of \$765,000; a Small Cities Block Grant in the \$440,000; a grant from the WVIJDC in the amount of \$175,000; a loan from WVIJDC in the amount of \$663,700, for a period not to exceed forty (40) years at 0% interest; and a loan from the State Revolving Fund in the amount of \$160,000, for a period not to exceed twenty (20) years at an interest rate not to exceed 1%. (See, correspondence received November 12, 1997; Further Final Joint Staff Memorandum received December 15, 1997).

4. The Town passed a municipal ordinance, adopted October 2, 1997 following a public hearing, adopting sufficient rates for the project, which are not to go into effect until the project is substantially completed. (See, Further Final Joint Staff Memorandum received December 15, 1997).

5. Notice of filing of the application was published on July 14, 1997, in The Mountain Statesman, a newspaper of general circulation in Taylor County, pursuant to West Virginia Code §24-2-11, with no protests being received to the application during the thirty-day protest period. (See, affidavit of publication received October 17, 1997; case file generally).

6. The project's plans and specifications have been approved by the West Virginia Division of Environmental Protection, but the NPDES Permit is pending. (See, Further Final Joint Staff Memorandum received December 15, 1997).

7. The majority of septic systems in the Town are failing; outhouses are being utilized; and sewage is being discharged directly into surface water (storm) drains, creating a potential health hazard and polluting the Simpson Creek. (See, Further Final Joint Staff Memorandum received December 15, 1997).

8. Staff recommended that the project be approved, subject to the receipt of the NPDES Permit from the West Virginia Department of Environmental Protection and that the project cost not exceed \$2,203,700. (See, Further Final Joint Staff Memorandum received December 15, 1997).

9. Staff Attorney Meyishi Blair recommended that additional notice of the project cost not be required, even though the project costs were revised from \$2,028,700 to \$2,203,700, because the rates of the project will not be affected as a result of the Town securing a grant from the West Virginia Infrastructure Council in the amount of \$175,000. (See, correspondence dated December 16, 1997).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the Town of Flemington to construct a sanitary sewer collection and wastewater treatment facility to consist of 19,187 LF of 8" and 5,478 LF of 6" gravity sewer mains; 4,555 LF of 4" gravity service laterals; 275 LF of 1-1/2" and 3,000 LF of 3" pressure force mains; 110 manholes; 42 sanitary sewer clean outs; 2 duplex grinder pump stations; 1 simplex grinder pump station; and a 40,000 GPD extended aeration package wastewater treatment plant.

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

3. The rates passed by the Town in its October 2, 1997 Rate Ordinance are sufficient to support the project.

4. It is reasonable to approve the financing of the project, being USEDA Grant in the amount of \$765,000; a Small Cities Block Grant in the amount of \$440,000; a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of \$175,000; a loan from WVIJDC in the amount of \$663,700, for a period not to exceed forty (40) years at 0% interest; and a loan from the State Revolving Fund in the amount of \$160,000, for a period not to exceed twenty (20) years at an interest rate not to exceed 1%.

ORDER

IT IS, THEREFORE, ORDERED that the application, filed by the Town of Flemington, for a certificate of convenience and necessity to construct a sanitary sewer collection and wastewater treatment facility to consist of 19,187 LF of 8" and 5,478 LF of 6" gravity sewer mains; 4,555 LF of 4" gravity service laterals; 275 LF of 1-1/2" and 3,000 LF of 3" pressure force mains; 110 manholes; 42 sanitary sewer clean outs; 2 duplex grinder pump stations; 1 simplex grinder pump station; and a 40,000 GPD extended aeration package wastewater treatment plant, be, and hereby is approved, subject to the receipt of a National Pollutant Discharge Elimination System Permit.

IT IS FURTHER ORDERED that the financing of the project, being a USEDA Grant in the amount of \$765,000; a Small Cities Block Grant in the amount of \$440,000; a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of \$175,000; a loan from WVIJDC in the amount of \$663,700, for a period not to exceed forty (40) years at 0% interest; and a loan from the State Revolving Fund in the amount of \$160,000, for a period not to exceed twenty (20) years at an interest rate, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there is a change in the cost, scope, terms and conditions or financing of this project, the Town notify the Commission immediately and obtain Commission approval of said change, prior to commencing construction.

IT IS FURTHER ORDERED that the Town notify the Commission when the project is substantially completed.

IT IS FURTHER ORDERED that the Town file a revised tariff with the Commission within ten (10) days of the implementation of the rates passed in the October 2, 1997 rate ordinance.

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

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

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

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

Susan A. Murensky
Susan A. Murensky
Administrative Law Judge

s/

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: February 9, 1998

CASE NO. 97-0859-S-CN

THE TOWN OF FLEMINGTON,
a municipal corporation.

Application for a certificate of convenience
and necessity to construct a sanitary sewage
collection and wastewater treatment facility
in Flemington, Taylor County.

CORRECTIVE ORDER

On July 3, 1997, The Town of Flemington, a municipal corporation, filed an application for a certificate of convenience and necessity to construct a sanitary sewer collection and wastewater treatment facility.

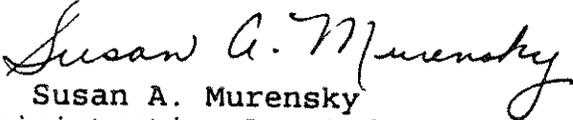
On February 5, 1998, a Recommended Decision was entered recommending approval of the project as well as the amended financing for the project. The interest rate on the State Revolving Fund loan of 1% was inadvertently omitted from the ordering paragraph. The Findings of Fact and Conclusions of Law correctly contain the interest rate for the loan. This order is being issued to prevent any problems that could arise from the omission.

ORDER

IT IS, THEREFORE, ORDERED that the second ordering paragraph of the Recommended Decision, as located on page 5 of the Decision, be, and hereby is, amended to read as follows:

IT IS FURTHER ORDERED that the financing of the project, being a USDA Grant in the amount of \$765,000; a Small Cities Block Grant in the \$440,000; a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of \$175,000; a loan from WVIJDC in the amount of \$663,700, for a period not to exceed forty (40) years at 0% interest; and a loan from the State Revolving Fund in the amount of \$160,000, for a period not to exceed twenty (20) years at an interest rate not to exceed 1%, be, and hereby is, approved.

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


Susan A. Murensky
Administrative Law Judge

SAM/s



West Virginia Infrastructure & Jobs Development Council

Public Members:

Russell L. Isaacs, Chairman
Cottageville
James D. Williams, Vice-Chairman
St. Albans
Lloyd E. Adams, P.E.
Wheeling
James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4600

Susan J. Riggs, Esquire
Executive Secretary

March 10, 1997

Kenneth Moran
Thrasher Engineering, Inc.
339 Hickman Street
Clarksburg, WV 26301

Re: Town of Flemington
Wastewater Collection and Treatment System Project 97S-291

Dear Mr. Moran:

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

The Council understands that a Small Cities Block Grant in the amount of \$440,000 and a US Economic Development Administration grant in the amount of \$765,000 have been committed to the Project. In addition, the Council recommends the Town pursue a loan in the amount of \$160,000 from the State Revolving Fund (SRF) administered by the West Virginia Division of Environmental Protection. Please contact the Division of Environmental Protection at 558-0641 for specific information on the steps the Town needs to follow to apply for this loan. The Town may also be eligible for Infrastructure Fund assistance of approximately \$663,700. The Council's decision is being deferred pending final determination of the Project's eligibility and readiness to proceed. Please note that this letter does not constitute funding approval from these agencies.

Please notify the Council upon the Town's receipt of either a commitment or denial of

Kenneth Moran
March 10, 1997
Page 2

funding from the West Virginia Division of Environmental Protection. Upon such notification, the Council will review the Town's need for funding from the Infrastructure Fund and determine whether a notice of eligibility letter should be issued. Such determination will be based in part upon the Town's readiness to proceed with the Project.

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

Sincerely,



Russell L. Isaacs

RL/bh

cc: Fred Cutlip
R. Byron Davis
J. Michael Johnson
James Hall

TOWN OF FLEMINGTON

Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Flemington (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 4th day of June, 1998, the Authority received the Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), of the Issuer (the "Series 1998 A Bonds"), in the principal amount of \$160,000, numbered AR-1, and the Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer (the "Series 1998 B Bonds"), in the principal amount of \$663,700, numbered BR-1, both issued as a single, fully registered Bond, and both dated June 4, 1998.

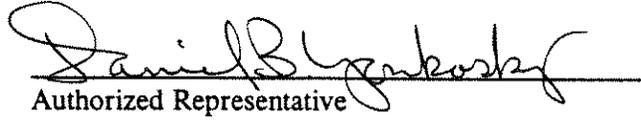
2. At the time of such receipt, all the Series 1998 A Bonds and the Series 1998 B Bonds had been executed by the Mayor and the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 1998 A Bonds, of \$16,000, being a portion of the principal amount of the Series 1998 A Bonds. The balance of the principal amount of the Series 1998 A Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

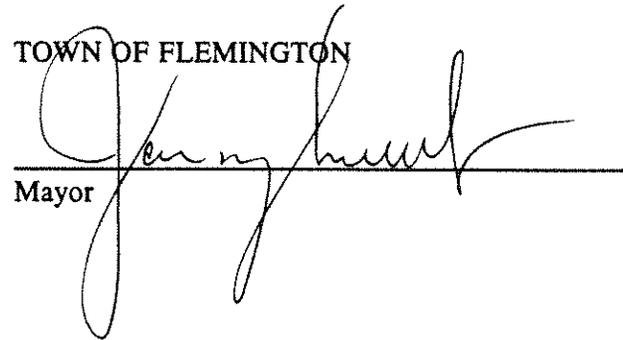
4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 1998 B Bonds, of \$104,775, being a portion of the principal amount of the Series 1998 B Bonds. The balance of the principal amount of the Series 1998 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 4th day of June, 1998.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

TOWN OF FLEMINGTON


Mayor

05/19/98
292210/96001



TOWN OF FLEMINGTON

Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Flemington Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), in the principal amount of \$160,000 (the "Series 1998 A Bonds"), and Bond No. BR-1, constituting the entire original issue of the Town of Flemington Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in the principal amount of \$663,700 (the "Series 1998 B Bonds"), both dated June 4, 1998 (collectively, the "Bonds"), executed by the Mayor and the Recorder of the Town of Flemington (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on May 7, 1998, and a Supplemental Resolution duly adopted by the Issuer on May 7, 1998 (collectively, the "Bond Legislation");

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

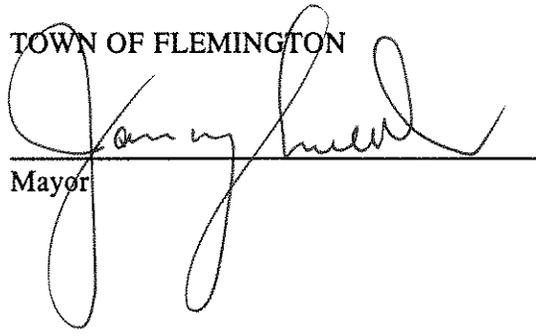
(3) Executed counterparts of the loan agreement for the Series 1998 A Bonds, dated April 10, 1998, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP") and a loan agreement for the Series 1998 B Bonds, dated June 4, 1998, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (collectively, the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Series 1998 A Bonds to the Authority upon payment to the Issuer of the sum of \$16,000, representing a portion of the principal amount of the Series 1998 A Bonds. You are also hereby requested and authorized to deliver the Series 1998 B Bonds to the Authority upon payment to the Issuer of the sum of \$104,775, representing a portion of the principal amount of the Series 1998 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 4th day of June, 1998.

TOWN OF FLEMINGTON



Mayor

05/19/98
292210/96001

(SPECIMEN SERIES 1998 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF FLEMINGTON
SEWER REVENUE BOND,
SERIES 1998 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$160,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF FLEMINGTON, a municipal corporation and political subdivision of the State of West Virginia in Taylor County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE HUNDRED SIXTY THOUSAND DOLLARS (\$160,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2000, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2000, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated April 10, 1998.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public sewerage system for the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on May 7, 1998, and a Supplemental Resolution duly adopted by the Issuer on May 7, 1998 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 20, 1998, ISSUED CONCURRENTLY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$663,700 (THE "SERIES 1998 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1998 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1998 B Bonds; provided however, that so long as there exists in the Series 1998 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1998 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF FLEMINGTON 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 June 4, 1998.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: June 4, 1998.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$16,000	6-4-98	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
TOTAL		\$ _____	

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Flemington, West Virginia \$160,000.00 -- 20 Year Loan 0% Interest Rate, 1% Admin. Fee			
DEBT SERVICE SCHEDULE			
Date	Principal	Coupon	Total P+I
12/01/1999	.	-	.
3/01/2000	2,000.00	-	2,000.00
6/01/2000	2,000.00	-	2,000.00
9/01/2000	2,000.00	-	2,000.00
12/01/2000	2,000.00	-	2,000.00
3/01/2001	2,000.00	-	2,000.00
6/01/2001	2,000.00	-	2,000.00
9/01/2001	2,000.00	-	2,000.00
12/01/2001	2,000.00	-	2,000.00
3/01/2002	2,000.00	-	2,000.00
6/01/2002	2,000.00	-	2,000.00
9/01/2002	2,000.00	-	2,000.00
12/01/2002	2,000.00	-	2,000.00
3/01/2003	2,000.00	-	2,000.00
6/01/2003	2,000.00	-	2,000.00
9/01/2003	2,000.00	-	2,000.00
12/01/2003	2,000.00	-	2,000.00
3/01/2004	2,000.00	-	2,000.00
6/01/2004	2,000.00	-	2,000.00
9/01/2004	2,000.00	-	2,000.00
12/01/2004	2,000.00	-	2,000.00
3/01/2005	2,000.00	-	2,000.00
6/01/2005	2,000.00	-	2,000.00
9/01/2005	2,000.00	-	2,000.00
12/01/2005	2,000.00	-	2,000.00
3/01/2006	2,000.00	-	2,000.00
6/01/2006	2,000.00	-	2,000.00
9/01/2006	2,000.00	-	2,000.00
12/01/2006	2,000.00	-	2,000.00
3/01/2007	2,000.00	-	2,000.00
6/01/2007	2,000.00	-	2,000.00
9/01/2007	2,000.00	-	2,000.00
12/01/2007	2,000.00	-	2,000.00
3/01/2008	2,000.00	-	2,000.00
6/01/2008	2,000.00	-	2,000.00
9/01/2008	2,000.00	-	2,000.00
12/01/2008	2,000.00	-	2,000.00
3/01/2009	2,000.00	-	2,000.00
6/01/2009	2,000.00	-	2,000.00
9/01/2009	2,000.00	-	2,000.00
12/01/2009	2,000.00	-	2,000.00
3/01/2010	2,000.00	-	2,000.00
6/01/2010	2,000.00	-	2,000.00
9/01/2010	2,000.00	-	2,000.00
12/01/2010	2,000.00	-	2,000.00

Town of Flemington, West Virginia
 \$160,000.00 -- 20 Year Loan
 0% Interest Rate, 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2011	2,000.00	-	2,000.00
6/01/2011	2,000.00	-	2,000.00
9/01/2011	2,000.00	-	2,000.00
12/01/2011	2,000.00	-	2,000.00
3/01/2012	2,000.00	-	2,000.00
6/01/2012	2,000.00	-	2,000.00
9/01/2012	2,000.00	-	2,000.00
12/01/2012	2,000.00	-	2,000.00
3/01/2013	2,000.00	-	2,000.00
6/01/2013	2,000.00	-	2,000.00
9/01/2013	2,000.00	-	2,000.00
12/01/2013	2,000.00	-	2,000.00
3/01/2014	2,000.00	-	2,000.00
6/01/2014	2,000.00	-	2,000.00
9/01/2014	2,000.00	-	2,000.00
12/01/2014	2,000.00	-	2,000.00
3/01/2015	2,000.00	-	2,000.00
6/01/2015	2,000.00	-	2,000.00
9/01/2015	2,000.00	-	2,000.00
12/01/2015	2,000.00	-	2,000.00
3/01/2016	2,000.00	-	2,000.00
6/01/2016	2,000.00	-	2,000.00
9/01/2016	2,000.00	-	2,000.00
12/01/2016	2,000.00	-	2,000.00
3/01/2017	2,000.00	-	2,000.00
6/01/2017	2,000.00	-	2,000.00
9/01/2017	2,000.00	-	2,000.00
12/01/2017	2,000.00	-	2,000.00
3/01/2018	2,000.00	-	2,000.00
6/01/2018	2,000.00	-	2,000.00
9/01/2018	2,000.00	-	2,000.00
12/01/2018	2,000.00	-	2,000.00
3/01/2019	2,000.00	-	2,000.00
6/01/2019	2,000.00	-	2,000.00
9/01/2019	2,000.00	-	2,000.00
12/01/2019	2,000.00	-	2,000.00
TOTAL	160,000.00	-	160,000.00*

*Plus one-percent administrative fee paid quarterly in the amount of \$202.50. Total administrative fee paid over the life of the loan is \$16,200.

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(SPECIMEN SERIES 1998 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF FLEMINGTON
SEWER REVENUE BOND,
SERIES 1998 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$663,700

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF FLEMINGTON, a municipal corporation and political subdivision of the State of West Virginia in Taylor 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 SIX HUNDRED SIXTY-THREE THOUSAND SEVEN HUNDRED DOLLARS (\$663,700), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 4, 1998.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public sewerage system for the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. 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 16,

Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on May 7, 1998, and a Supplemental Resolution duly adopted by the Issuer on May 7, 1998 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1998, ISSUED CONCURRENTLY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$160,000 (THE "SERIES 1998 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1998 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 Net Revenues, the moneys in the Series 1998 B 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 prior to or on a parity with the Bonds, including the Series 1998 A Bonds; provided however, that so long as there exists in the Series 1998 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1998 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are

exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the 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 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 FLEMINGTON 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 June 4, 1998.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: June 4, 1998.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$104,775	6-4-98	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Flemington				
\$663,700				
Infrastructure Fund Loan				
Term (Yrs.): 40		Loan Rate: 0.00%		
First Payment: 12/01/99		Final Payment: 3/1/38		
Date	#	Principal	Interest	Total
3/1/98		-	-	0.00
6/1/98		-	-	0.00
9/1/98		-	-	0.00
12/1/98		-	-	0.00
3/1/99		-	-	0.00
6/1/99		-	-	0.00
9/1/99		-	-	0.00
12/1/99	1	4,309.74	-	4,309.74
3/1/00	2	4,309.74	-	4,309.74
6/1/00	3	4,309.74	-	4,309.74
9/1/00	4	4,309.74	-	4,309.74
12/1/00	5	4,309.74	-	4,309.74
3/1/01	6	4,309.74	-	4,309.74
6/1/01	7	4,309.74	-	4,309.74
9/1/01	8	4,309.74	-	4,309.74
12/1/01	9	4,309.74	-	4,309.74
3/1/02	10	4,309.74	-	4,309.74
6/1/02	11	4,309.74	-	4,309.74
9/1/02	12	4,309.74	-	4,309.74
12/1/02	13	4,309.74	-	4,309.74
3/1/03	14	4,309.74	-	4,309.74
6/1/03	15	4,309.74	-	4,309.74
9/1/03	16	4,309.74	-	4,309.74
12/1/03	17	4,309.74	-	4,309.74
3/1/04	18	4,309.74	-	4,309.74
6/1/04	19	4,309.74	-	4,309.74
9/1/04	20	4,309.74	-	4,309.74
12/1/04	21	4,309.74	-	4,309.74
3/1/05	22	4,309.74	-	4,309.74
6/1/05	23	4,309.74	-	4,309.74
9/1/05	24	4,309.74	-	4,309.74
12/1/05	25	4,309.74	-	4,309.74
3/1/06	26	4,309.74	-	4,309.74
6/1/06	27	4,309.74	-	4,309.74
9/1/06	28	4,309.74	-	4,309.74
12/1/06	29	4,309.74	-	4,309.74
3/1/07	30	4,309.74	-	4,309.74
6/1/07	31	4,309.74	-	4,309.74
9/1/07	32	4,309.74	-	4,309.74
12/1/07	33	4,309.74	-	4,309.74
3/1/08	34	4,309.74	-	4,309.74

Marquette de Bary
Incorporated

Flemington
4/9/98
10:53 AM

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/08	35	4,309.74	-	4,309.74
9/1/08	36	4,309.74	-	4,309.74
12/1/08	37	4,309.74	-	4,309.74
3/1/09	38	4,309.74	-	4,309.74
6/1/09	39	4,309.74	-	4,309.74
9/1/09	40	4,309.74	-	4,309.74
12/1/09	41	4,309.74	-	4,309.74
3/1/10	42	4,309.74	-	4,309.74
6/1/10	43	4,309.74	-	4,309.74
9/1/10	44	4,309.74	-	4,309.74
12/1/10	45	4,309.74	-	4,309.74
3/1/11	46	4,309.74	-	4,309.74
6/1/11	47	4,309.74	-	4,309.74
9/1/11	48	4,309.74	-	4,309.74
12/1/11	49	4,309.74	-	4,309.74
3/1/12	50	4,309.74	-	4,309.74
6/1/12	51	4,309.74	-	4,309.74
9/1/12	52	4,309.74	-	4,309.74
12/1/12	53	4,309.74	-	4,309.74
3/1/13	54	4,309.74	-	4,309.74
6/1/13	55	4,309.74	-	4,309.74
9/1/13	56	4,309.74	-	4,309.74
12/1/13	57	4,309.74	-	4,309.74
3/1/14	58	4,309.74	-	4,309.74
6/1/14	59	4,309.74	-	4,309.74
9/1/14	60	4,309.74	-	4,309.74
12/1/14	61	4,309.74	-	4,309.74
3/1/15	62	4,309.74	-	4,309.74
6/1/15	63	4,309.74	-	4,309.74
9/1/15	64	4,309.74	-	4,309.74
12/1/15	65	4,309.74	-	4,309.74
3/1/16	66	4,309.74	-	4,309.74
6/1/16	67	4,309.74	-	4,309.74
9/1/16	68	4,309.74	-	4,309.74
12/1/16	69	4,309.74	-	4,309.74
3/1/17	70	4,309.74	-	4,309.74
6/1/17	71	4,309.74	-	4,309.74
9/1/17	72	4,309.74	-	4,309.74
12/1/17	73	4,309.74	-	4,309.74
3/1/18	74	4,309.74	-	4,309.74
6/1/18	75	4,309.74	-	4,309.74
9/1/18	76	4,309.74	-	4,309.74
12/1/18	77	4,309.74	-	4,309.74
3/1/19	78	4,309.74	-	4,309.74
6/1/19	79	4,309.74	-	4,309.74
9/1/19	80	4,309.74	-	4,309.74
12/1/19	81	4,309.74	-	4,309.74
3/1/20	82	4,309.74	-	4,309.74

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/20	83	4,309.74	-	4,309.74
9/1/20	84	4,309.74	-	4,309.74
12/1/20	85	4,309.74	-	4,309.74
3/1/21	86	4,309.74	-	4,309.74
6/1/21	87	4,309.74	-	4,309.74
9/1/21	88	4,309.74	-	4,309.74
12/1/21	89	4,309.74	-	4,309.74
3/1/22	90	4,309.74	-	4,309.74
6/1/22	91	4,309.74	-	4,309.74
9/1/22	92	4,309.74	-	4,309.74
12/1/22	93	4,309.74	-	4,309.74
3/1/23	94	4,309.74	-	4,309.74
6/1/23	95	4,309.74	-	4,309.74
9/1/23	96	4,309.74	-	4,309.74
12/1/23	97	4,309.74	-	4,309.74
3/1/24	98	4,309.74	-	4,309.74
6/1/24	99	4,309.74	-	4,309.74
9/1/24	100	4,309.74	-	4,309.74
12/1/24	101	4,309.74	-	4,309.74
3/1/25	102	4,309.74	-	4,309.74
6/1/25	103	4,309.74	-	4,309.74
9/1/25	104	4,309.74	-	4,309.74
12/1/25	105	4,309.74	-	4,309.74
3/1/26	106	4,309.74	-	4,309.74
6/1/26	107	4,309.74	-	4,309.74
9/1/26	108	4,309.74	-	4,309.74
12/1/26	109	4,309.74	-	4,309.74
3/1/27	110	4,309.74	-	4,309.74
6/1/27	111	4,309.74	-	4,309.74
9/1/27	112	4,309.74	-	4,309.74
12/1/27	113	4,309.74	-	4,309.74
3/1/28	114	4,309.74	-	4,309.74
6/1/28	115	4,309.74	-	4,309.74
9/1/28	116	4,309.74	-	4,309.74
12/1/28	117	4,309.74	-	4,309.74
3/1/29	118	4,309.74	-	4,309.74
6/1/29	119	4,309.74	-	4,309.74
9/1/29	120	4,309.74	-	4,309.74
12/1/29	121	4,309.74	-	4,309.74
3/1/30	122	4,309.74	-	4,309.74
6/1/30	123	4,309.74	-	4,309.74
9/1/30	124	4,309.74	-	4,309.74
12/1/30	125	4,309.74	-	4,309.74
3/1/31	126	4,309.74	-	4,309.74
6/1/31	127	4,309.74	-	4,309.74
9/1/31	128	4,309.74	-	4,309.74
12/1/31	129	4,309.74	-	4,309.74
3/1/32	130	4,309.74	-	4,309.74

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/32	131	4,309.74	-	4,309.74
9/1/32	132	4,309.74	-	4,309.74
12/1/32	133	4,309.74	-	4,309.74
3/1/33	134	4,309.74	-	4,309.74
6/1/33	135	4,309.74	-	4,309.74
9/1/33	136	4,309.74	-	4,309.74
12/1/33	137	4,309.74	-	4,309.74
3/1/34	138	4,309.74	-	4,309.74
6/1/34	139	4,309.74	-	4,309.74
9/1/34	140	4,309.74	-	4,309.74
12/1/34	141	4,309.74	-	4,309.74
3/1/35	142	4,309.74	-	4,309.74
6/1/35	143	4,309.74	-	4,309.74
9/1/35	144	4,309.74	-	4,309.74
12/1/35	145	4,309.74	-	4,309.74
3/1/36	146	4,309.74	-	4,309.74
6/1/36	147	4,309.74	-	4,309.74
9/1/36	148	4,309.74	-	4,309.74
12/1/36	149	4,309.74	-	4,309.74
3/1/37	150	4,309.74	-	4,309.74
6/1/37	151	4,309.74	-	4,309.74
9/1/37	152	4,309.74	-	4,309.74
12/1/37	153	4,309.74	-	4,309.74
3/1/38	154	4,309.78	-	4,309.78
\$		663,700.00	\$	663,700.00

Summary Statistics:	
Average Annual Cost -	\$16,592.50
Average Life -	20.875
Average Interest Rate -	0.0000%
Net Interest Cost (NIC)	0.0000%
True Interest Cost (TIC)	0.0000%
Tax Yield (I.R.C. Section 148)	0.0000%
All-in Yield (AIC)	0.0000%

Data for Form 8038:		
	Line 19:	Line 20:
(a)	3/1/38	N/A
(b)	0.000%	N/A
(c)	\$4,309.80	\$663,700.00
(d)	\$4,309.80	\$663,700.00
(e)	N/A	20.875
(f)	N/A	0.0000%
(g)	N/A	0.0000%

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SIXTH FLOOR

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

BANK ONE CENTER, SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25300-1588

(304) 353-6000

FACSIMILE (304) 353-8180

1000 HAMPTON CENTER

P. O. BOX 1616

MORGANTOWN, W. VA. 26507-1616

(304) 598-8000

FACSIMILE (304) 598-8116

126 EAST BURKE STREET

P. O. BOX 2629

MARTINSBURG, W. VA. 25402-2629

(304) 263-6991

FACSIMILE (304) 262-3541

RILEY BUILDING, FOURTH FLOOR

14TH AND CHAPLINE STREETS

P. O. BOX 150

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK

200 STAR AVENUE, SUITE 220

P. O. BOX 628

PARRERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER

1000 TECHNOLOGY DRIVE

P. O. BOX 2210

FAIRMONT, W. VA. 26554-8824

(304) 368-8000

FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

June 4, 1998

Town of Flemington
Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program)

Town of Flemington
Flemington, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Flemington (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$160,000 Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated April 10, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, with no interest and with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2000, and ending December 1, 2019, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of a new public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on May 7, 1998, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 7, 1998 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), issued concurrently herewith in the original aggregate principal amount of \$663,700, all in accordance with the terms of the Bonds and the Bond Legislation.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting

Town of Flemington, et al.
Page 3

creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON

05/06/98
292210/96001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SIXTH FLOOR

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

June 4, 1998

Town of Flemington

Sewer Revenue Bonds,

Series 1998 B (West Virginia Infrastructure Fund)

RILEY BUILDING, FOURTH FLOOR

14TH AND CHAPLINE STREETS

P. O. BOX 150

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK

200 STAR AVENUE, SUITE 220

P. O. BOX 628

PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER

1000 TECHNOLOGY DRIVE

P. O. BOX 2210

FAIRMONT, W. VA. 26554-8821

(304) 368-8000

FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

BANK ONE CENTER, SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

1000 HAMPTON CENTER

P. O. BOX 1616

MORGANTOWN, W. VA. 26507-1616

(304) 598-8000

FACSIMILE (304) 598-8116

126 EAST BURKE STREET

P. O. BOX 2629

MARTINSBURG, W. VA. 25402-2629

(304) 263-6991

FACSIMILE (304) 262-3541

Town of Flemington
Flemington, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Flemington (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$663,700 Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 4, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, with no interest and with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1999, and ending March 1, 2038, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on May 7, 1998, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 7, 1998 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.
3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), issued concurrently herewith in the original aggregate principal amount of \$160,000, all in accordance with the terms of the Bonds and the Bond Legislation.
5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

Town of Flemington, et al.
Page 3

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

Very truly yours,



STEPTOE & JOHNSON

05/06/98
292210/96001

LAW OFFICES
WEST & JONES

360 WASHINGTON AVENUE

P.O. Box 2348

CLARKSBURG, WEST VIRGINIA 26302-2348

JAMES C. WEST, JR.
JERALD E. JONES
DEAN C. RAMSEY
JOHN S. KAULL
LEWIS A. CLARK
NORMAN T. FARLEY

June 4, 1998

TELEPHONE (304) 624-5501
FAX (304) 624-4454
E mail: westjones@northnap.citynet.net

Town of Flemington
Flemington, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of Environmental
Protection
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

RE: TOWN OF FLEMINGTON
Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We are counsel to the Town of Flemington in Taylor County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement for the Series 1998 A bonds, dated April 10, 1998, including all schedules and exhibits attached thereto, by and between the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP"), a loan agreement for the Series 1998 B Bonds, dated June 4, 1998, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council")

(collectively, the "Loan Agreement") a Bond Ordinance duly enacted by the Issuer on May 7, 1998, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 7, 1998 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

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

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

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

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

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the acquisition and

Town of Flemington, et al.
Page 3
June 4, 1998

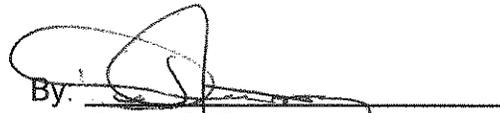
construction of the Project, the operation of the System and the imposition of rates and charges for use of the system, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on February 5, 1998, in Case No. 97-0859-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

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

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

Very truly yours,

WEST & JONES

By: 
Dean C. Ramsey

DCR:nsm

LAW OFFICES
WEST & JONES
 360 WASHINGTON AVENUE
 P.O. Box 2348
 CLARKSBURG, WEST VIRGINIA 26302-2348

June 4, 1998

JAMES C. WEST, JR.
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 DEAN C. RAMSEY
 JOHN S. KAULL
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 NORMAN T. FARLEY

TELEPHONE (304) 624-5501
 FAX (304) 624-4454
 E mail: westjones@northnop.citynet.net

Town of Flemington
 Flemington, West Virginia

West Virginia Water Development Authority
 Charleston, West Virginia

West Virginia Division of Environmental
 Protection
 Charleston, West Virginia

West Virginia Infrastructure and Jobs
 Development Council
 Charleston, West Virginia

Steptoe & Johnson
 Clarksburg, West Virginia

RE: TOWN OF FLEMINGTON
 Sewer Revenue Bonds,
 Series 1998 A (West Virginia SRF Program) and
 Series 1998 B (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have examined the records in the office of the Clerk of the County Commission of Taylor County, West Virginia relative to the title of the Town of Flemington in and to those rights of way, easements, and lots and parcels of land necessary for the construction of a 40,000 gallon per day sewage treatment plant and collection system, together with lift stations and appurtenances, all as described in the plans and specifications therefor, prepared by Thrasher Engineering and dated June, 1997, and in our opinion said Town of Flemington is vested with good and marketable title in and to such rights of way, easements and lots or parcels of land, sufficient for the

Town of Flemington, et al.
 Page 2
 June 4, 1998

construction of the facilities described in said plans and specifications, except and subject to the following:

1. The following listed properties are being acquired by eminent domain and the Town's title thereto is defeasible in the event the Town does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties and our certification is subject to the pending litigation:

<u>Owner(s)</u>	<u>Tax Map & Parcel No.</u>	
Anna Ethel Newhouse	2	17
James R. Stewart, et al.	1	17
Kathleen Roach, et al. (Smith Heirs)	4-8	88
Norma Knight	3	76 & 77
Daniel Knotts	2-3	53
Pauline Benda & Andrew Benda	2	88
Pauline Benda	2	92
Robert K. Knight	9A	34

2. There have been various grants of rights of way by prior owners of the subject property, the locations of which cannot be determined by the records. A physical inspection of the property is therefore recommended.

3. We did not examine said records with respect to ownership of the minerals within and underlying said property and therefore make no representation or certification with respect thereto.

4. Our examination of title and certification thereof are subject to the correctness of the indices in the office of the Clerk of the County Commission of Taylor County, West Virginia, to the assumption that all persons executing instruments in the chain of title were legally competent and of lawful age to do so, that all signatures were genuine, and to anything that would be revealed by a survey and physical inspection of the property. We have made no investigation regarding the condition of the property, nor have we made any

Town of Flemington, et al.
Page 3
June 4, 1998

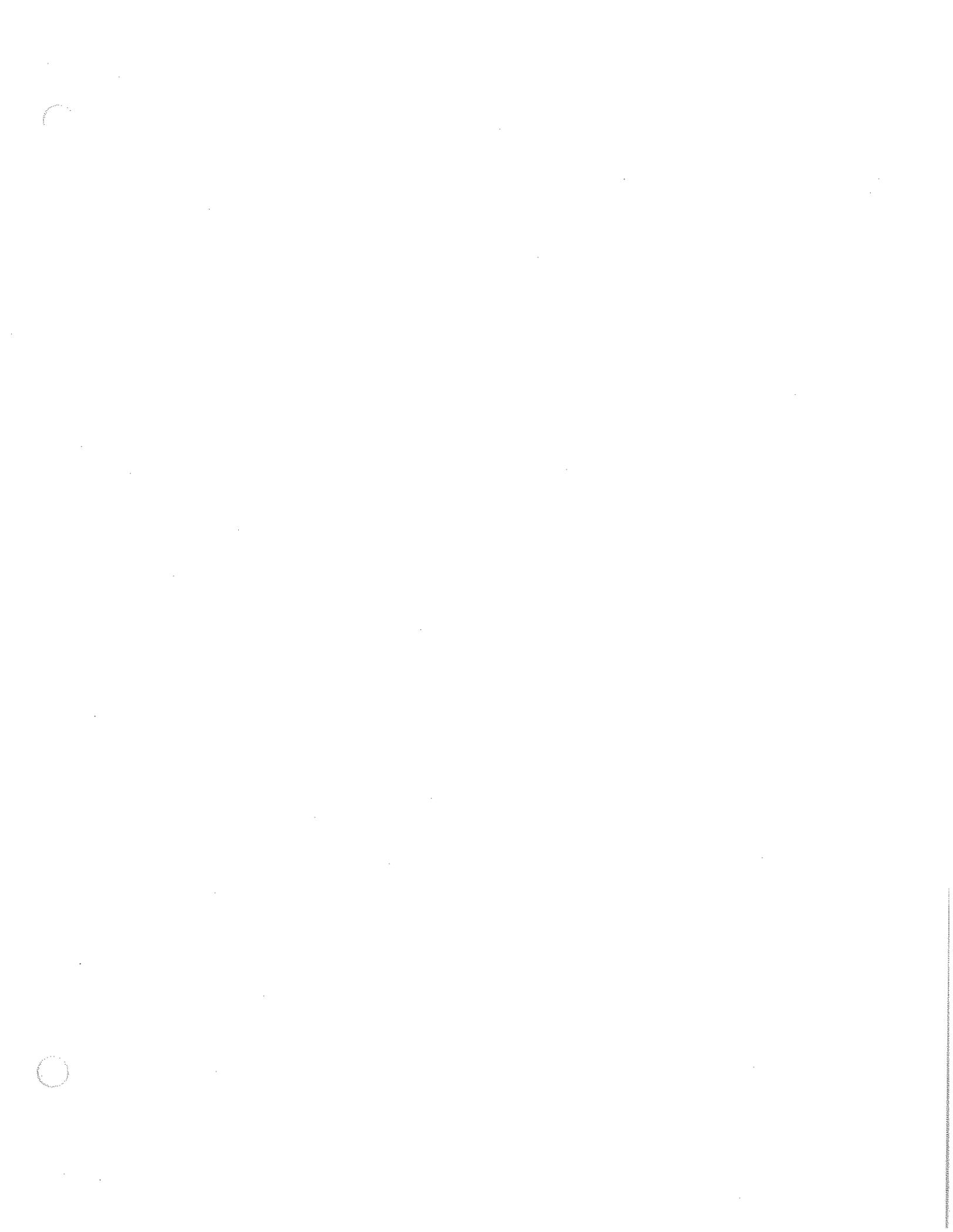
investigation regarding zoning or environmental regulations that may be applicable to the property. Our examination of title to said property and certification thereof were performed for you and may be relied upon by no other party without our written consent.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dean C. Ramsey", with a large, stylized initial "D" and "R".

Dean C. Ramsey

DCR:nsm



TOWN OF FLEMINGTON

Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR AND RECORDER of the Town of Flemington in Taylor County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), and Series 1998 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted May 7, 1998, and the Supplemental Resolution duly adopted May 7, 1998 (collectively, the "Bond Legislation").

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

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

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

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

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

Bond Ordinance

Supplemental Resolution

SRF Loan Agreement

Infrastructure Council Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

Charter

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board

Petition of Sanitary Board

Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

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

NPDES Permit

Evidence of Economic Development Administration Grant

Evidence of Small Cities Block Grant

Evidence of Infrastructure Council Grant

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Town of Flemington." The Issuer is a municipal corporation in Taylor 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>
James Smith	- Mayor	July 1, 1997	June 30, 1999
Judy Stewart	- Recorder	July 1, 1997	June 30, 1999
Brad Vincent	- Councilmember	July 1, 1997	June 30, 1999
Luther Johnson	- Councilmember	July 1, 1997	June 30, 1999
Tom Marshall	- Councilmember	July 1, 1997	June 30, 1999
Geoff Marshall	- Councilmember	July 1, 1997	June 30, 1999
Carl Pinnell	- Councilmember	July 1, 1997	June 30, 1999

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	James Smith
Member	-	Thomas Burton
Member	-	Dennis Fisher, P.E.

The duly appointed and acting Counsel to the Issuer is West & Jones, in Clarksburg, West Virginia.

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

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

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

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

11. **RATES:** The Issuer has duly enacted a sewer rate ordinance on October 2, 1997, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates will become effective upon substantial completion of the Project.

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

13. **BOND PROCEEDS:** On the date hereof, the Issuer received \$16,000 from the Authority and the DEP, being a portion of the principal amount of the Series 1998 A Bonds and \$104,775 from the Authority and the Council, being a portion of the principal amount of the Series 1998 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. **PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE:** Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *The Mountain Statesman*, a newspaper of general circulation in the Town of Flemington, there being no newspaper published therein, together

with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 7th day of May, 1998, at 7:00 p.m., at the Flemington Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on February 5, 1998, in Case No. 97-0859-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

16. **SPECIMEN BONDS:** Delivered concurrently herewith are true and accurate specimens of the Bonds.

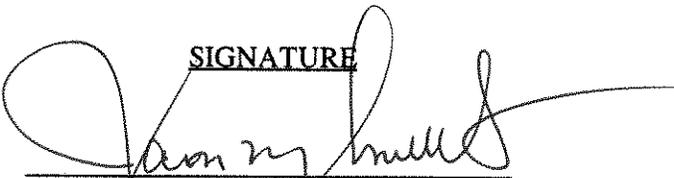
17. **CONFLICT OF INTEREST:** No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor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

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

19. **GRANTS:** As of the date hereof, the grant from the United States Economic Development Administration in the amount of \$765,000, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$440,000 and the grant from the Council in the amount of \$106,439 have been committed for the Project.

WITNESS our signatures and the official seal of the TOWN OF FLEMINGTON on this 4th day of June, 1998.

[CORPORATE SEAL]

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

05/06/98
292210/96001

WITNESS our signatures and the official seal of the TOWN OF FLEMINGTON on this 4th day of June, 1998.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

_____

Counsel to the Issuer

05/06/98
292210/96001

TOWN OF FLEMINGTON

Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of a new public sewerage system (the "System") of the Town of Flemington (the "Issuer") to be constructed primarily in Taylor County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on May 7, 1998, as supplemented by the Supplemental Resolution adopted by the Issuer on May 7, 1998, and the Loan Agreement for the Series 1998 A Bonds, by and among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority"), dated April 10, 1998, and the Loan Agreement for the Series 1998 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated June 4, 1998.

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

3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the DEP, the Council and the Authority requesting the Authority to purchase the Bonds (collectively, the "Application") and approved by all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 40 years; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy; (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the DEP;

(vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project; (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application; and (xi) attached hereto as Exhibit A is the final amended "Schedule - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 4th day of June, 1998.

THRASHER ENGINEERING, INC.

(SEAL)



H. Wood Thrasher, P.E.
West Virginia License No. 9478

05/06/98
292210/96001

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE B

Town of Flemington

Wastewater Treatment Plant and Collection System Project 675-281
Final Total Cost of Project, Sources of Funds and Costs of Financing

RECEIVED
APR 17 1998

A. Cost of Project	Total	JDC Loan	JDC Grant	SRF	SCBG	EDA Grant
1. Construction (Based on Actual Bids)	1,562,654.00	452,862.00		144,000.00	403,852.00	561,940.00
Tap Fees (@ \$150 each)	6,000.00				6,000.00	
2. Technical Services	285,300.00	131,772.00			17,288.00	136,240.00
3. Legal & Fiscal	20,000.00	4,000.00				16,000.00
4. Administrative	52,860.00				12,860.00	50,000.00
5. Sites and Other Lands	25,000.00	25,000.00				
6. Step I or II or Other Loan Repayment	0.00					
7. Interim Financing Costs	0.00					
8. Contingency	156,300.00	49,861.00	105,439.00			
9. Total of Lines 1 through 8	2,118,114.00					
B. Sources of Funds						
10. Federal Grants:						
a. SCBG	440,000.00					
b. EDA	765,000.00					
11. State Grants:						
a.						
b.						
12. Other Grants:						
13. Any Other Source (1):						
a. SRF	160,000.00					
b. EPA Advance Assistance	0.00					
c. JDC Deferred Loan	0.00					
14. Infrastructure Fund Grant	105,439.00					
15. Total of Lines 10 through 14	1,471,439.00					
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	646,675.00					
C. Cost of Financing						
17. Funded Reserve Account (2)	0.00					
18. Other Costs (3):	0.00					
a. Bond Counsel	16,000.00			16,000.00		
b. Accountant	1,025.00	205.00				820.00
19. Total Cost of Financing	17,025.00					
20. Size of Bond Issue (Line 16 plus Line 19)	663,700.00	653,700.00	106,439.00	160,000.00	440,000.00	765,000.00

GOVERNMENTAL AGENCY

DATE: 4-14-98

CONSULTING ENGINEER

DATE: 4/9/98

- (1) Include the proceeds of any party or subordinate bond issue to be used for such purpose and attach supporting documentation.
- (2) Consult with bond counsel and the Council before assuming a funded reserve.
- (3) For example, fees of accountants, bond counsel and local counsel for the Governmental Agency

Post-it® Fax Note	7671	Date	4/17	# of pages	1
To	Francesca Tan	From	Carrie Grinn		
Co./Dept.	SEJ	Co.	DEP		
Phone #		Phone #	(304) 558-0637		
Fax #	(304) 624-8183	Fax #			

GARY K. BENNETT

Certified Public Accountant

317 Cleveland Avenue
Fairmont, WV 26554
Telephone (304) 366-4295
Fax (304) 366-4311

June 4, 1998

**Town of Flemington
Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)**

**West Virginia Water Development
Authority
Charleston, West Virginia**

**West Virginia Division of
Environmental Protection
Charleston, West Virginia**

**West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia**

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the Town of Flemington (the "Issuer"), enacted October 2, 1997, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program) and Sewer Revenue Bonds Series 1998 B (West Virginia Infrastructure Fund)(collectively, the "Bonds"), to be issued in the respective original aggregate principal amounts of \$160,000 and \$663,700 to the West Virginia Development Authority on the date hereof.

Very truly yours,



Gary K. Bennett
Certified Public Accountant

AT A SPECIAL TERM OF THE CIRCUIT COURT OF TAYLOR COUNTY WEST VIRGINIA, HELD ON THE 1ST DAY OF JULY, 1922, PURSUANT TO A WAPPANT ISSUED BY THE HONORABLE WARREN B. KITTLE, JUDGE OF THE CIRCUIT COURT OF TAYLOR COUNTY.

PRESENT: THE HONORABLE WARREN B. KITTLE, JUDGE OF THE NINETEENTH JUDICIAL CIRCUIT OF WEST VIRGINIA.

IN RE: APPLICATION FOR INCORPORATION OF TOWN OF FLEMINGTON:

This day Charles F. Monroe, R. D. Stout and Brent S. Bailey presented in open court their petition praying for a certificate of incorporation of the town of Flemington, in Flemington District, in the county of Taylor and State of West Virginia, and presented therewith the certificate of the vote of the resident voters of said territory on said question, which petition is received and ordered filed, and thereupon came Fred E. Gates, and others, residents of said territory, by J. Guy Allender, their attorney, and presented to the court their objections in writing to the granting of the certificate of incorporation, which objections are filed in writing and made a part of the record of this cause, and objected further to the granting of said certificate for the reason that early in the day on the day that said election was held, to-wit, the 27th day of June, 1922, the map, survey and census were taken and removed from the place where the notices published and posted specified to the persons interested that the same might be found for inspection and examination, which several objections the court heard separately and separately overruled, except as to the objection that certain persons were denied the right to vote because they had not been residents of said territory for at least six months next preceeding the time of said election, which said objection the court sustained as to the question of law involved but held that said objection was overruled because of the fact that the known fifteen persons denied the right to vote if permitted to vote and had voted against said incorporation would not have changed the result of said election, to which action of the court in overruling said objection the protestants objected and excepted, and the court having heard at the bar of the court testimony of witnesses introduced in support of such application, and in opposition thereto, and having heard the argument of counsel, and it appearing to the court upon satisfactory proof that all of the provisions of Chapter 47 of the Code and all requirements of law have been complied with in respect to the incorporation of said town, it is therefore adjudged, ordered and decreed that the Clerk of this court do issue a certificate of incorporation of the said town of Flemington, in form or in substance as follows:

"A certificate under oath of Ira Marks, Robert Whitehair, and A. N. Stewart was this day filed, showing that a majority of the votes of all the qualified voters residing in the following boundry, to-wit:

Beginning at a tack in root of black walnut tree in line of A. J. Smith and W. T. Gates and running thence N. 86° 52' W. 1495.78 feet to upper gate post in line of Goodwin; thence N. 9° 48' E. 1561.19 feet to post in line of W. J. Davidson property; thence N. 29° 21' E. 1740.39 feet to post in lines of Davidson and Knight and on upper side of county road; thence S. 41° 43' E. 1238.21 feet to a post, corner to A. P. Roach and in line of property formerly owned by Pittavien Coal Company; thence S. 61° 38' E. 1413.17 feet to post; thence S. 61° 19' E. 132.57 feet to post and corner of alley; thence with the line of alley N. 76° 05' E. 684.14 feet to post; thence S. 75° 51' E. 1188.28 feet to tack in root of gum tree; thence S. 4° 52' W. 921.79 feet crossing right of way of the Baltimore & Ohio Railroad Company to the southern boundry line of said right of way; thence in a western direction with the southern boundry line of said right of way to a stake at a point opposite the switch of the eastern track of the Astor Branch of the Baltimore & Ohio Railroad; thence S. 73° 13' W. 1695.46 feet to the place of beginning containing 189.88 acres or .297 square miles has been given in due form of law in favor of the incorporation of the town of Flemington, in Flemington District, in the county of Taylor and State of West Virginia, bounded as herein set forth. And it appearing to the satisfaction of the court that all of the provisions of Chapter 47 of the Code of West Virginia and the requirements of law have been complied with by the applicants for said incorporation, and the said town of Flemington 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.

CLERK.

And it is further adjudged, ordered and decreed that from and after the date hereof, the territory embraced within the boundry mentioned in the aforesaid certificate shall be an incorporated town by the name of the Town of Flemington.

It is further adjudged, ordered and decreed that James Fallon, S. H. Waller and John A. Springer, three legal voters residing within the said territory, be and are hereby appointed to act as commissioners of election at the first election to be held in the said town of Flemington, which election shall be held as required by Chapter 47 of the Code of West Virginia.

TRUE COPY FROM THE RECORD

ATTEST: Elsie M. Bennett
CLERK OF THE CIRCUIT COURT OF TAYLOR
COUNTY, WEST VIRGINIA

BY: _____





Town of Flemington
Box 56 • Flemington • West Virginia 26347

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, Town of Flemington to wit:

I do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Mayor to the best of my skill and judgement, so help me God.

Signature of Affiant *James H. [unclear]*

Subscribed and sworn before me in said Town, County and State this 30th day of June, 1997.

Judy Stewart
Mayor/Recorder

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said County do hereby certify that the foregoing writing with certificate therein annexed, was this day produced to me in my said office and was admitted to record therein. Given under my hand this 26th day of August, 1997, 2:37PM

Nancy Virginia Fowler, Clerk



Town of Flemingington
Box 56 • Flemingington • West Virginia 26347

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, Town of Flemingington to wit:

I do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Recorder to the best of my skill and judgement, so help me God.

Signature of Affiant Judy Stewart

Subscribed and sworn before me in said Town, County and State this 30th day of June, 1997.

Jammy Keith
Mayor/Recorder

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, **NANCY VIRGINIA FOWLER**, Clerk of the County Commission of said County do hereby certify that the foregoing writing with certificate therein annexed, was this day produced to me in my said office and was admitted to record therein. Given under my hand this 26th day of August, 1997 2:36PM

Nancy Virginia Fowler, Clerk



Town of Flemingington

Box 56 • Flemingington • West Virginia 26347

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, Town of Flemingington to wit:

I do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of council to the best of my skill and judgement, so help me God.

Signature of Affiant

Subscribed and sworn before me in said Town, County and State this 30th day of

June, 1997.

Mayor/Recorder

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said County do hereby certify that the foregoing writing with certificate therein annexed, was this day produced to me in my said office and was admitted to record therein.

Given under my hand this 26th day of August, 1997 2:37PM



Town of Flemington

Box 56 • Flemington • West Virginia 26347

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, Town of Flemington to wit:

I do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of council to the best of my skill and judgement, so help me God.

Signature of Affiant *Stephen T. Glasgow*

Subscribed and sworn before me in said Town, County and State this 21st day of

July, 1997.

Jenny Smith
Mayor/Recorder

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said County do hereby certify that the foregoing writing with certificate therein annexed, was this day produced to me in my said office and was admitted to record therein.

Given under my hand this 26th day of August, 1997 2:36PM

Nancy Virginia Fowler, Clerk



Town of Flemingington
Box 56 • Flemingington • West Virginia 26347

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, Town of Flemingington to wit:

I do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of council to the best of my skill and judgement, so help me God.

Signature of Affiant Thomas Marshall

Subscribed and sworn before me in said Town, County and State this 30th day of June, 1997.

Judy Stewart
Mayor/Recorder

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said County do hereby certify that the foregoing writing with certificate therein annexed, was this day produced to me in my said office and was admitted to record therein.

Given under my hand this 26th day of August, 1997 2:37PM

Nancy Virginia Fowler, Clerk



Town of Flemington

Box 56 • Flemington • West Virginia 26347

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, Town of Flemington to wit:

I do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of council to the best of my skill and judgement, so help me God.

Signature of Affiant

Subscribed and sworn before me in said Town, County and State this 30th day of

June, 1997.

Mayer/Recorder

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said County do hereby certify that the foregoing writing with certificate therein annexed, was this day produced to me in my said office and was admitted to record therein.

Given under my hand this 26th day of August, 1997 2:36PM

Nancy Virginia Fowler, Clerk



Town of Flemingington
Box 56 • Flemingington • West Virginia 26347

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, Town of Flemingington to wit:

I do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of council to the best of my skill and judgement, so help me God.

Signature of Affiant Carl Pimmello

Subscribed and sworn before me in said Town, County and State this 30th day of

June, 1997.

Judy Stewart
Mayor/Recorder

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said County do hereby certify that the foregoing writing with certificate therein annexed, was this day produced to me in my said office and was admitted to record therein. Given under my hand this 26th day of August, 1997, 2:37PM

Nancy Virginia Fowler, Clerk

TOWN OF FLEMINGTON

ORDINANCE CREATING A SANITARY BOARD
OF THE TOWN OF FLEMINGTON

WHEREAS, the Town of Flemington (the "Town") now contemplates the issuance of its sewer revenue bonds to finance the acquisition, construction and equipping of a sanitary sewerage system, and future additions, extensions and improvements thereto (the "System"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a sanitary board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF FLEMINGTON AS FOLLOWS:

Section 1. The Council of the Town of Flemington does hereby create and establish a Sanitary Board (the "Sanitary Board" or "Board"), with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the Town of Flemington, who shall act as Chairman of the Sanitary Board, and two persons appointed by the Council, one of whom, during the period of construction of the System or any additions thereto must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. The appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town of Flemington, whether holding a paid or unpaid office, shall be eligible to appointment on the Sanitary Board until at least 1 year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person

and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of \$50,000 for the proper application of all money received by him as treasurer of the Board, and otherwise conditioned according to law.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board shall be paid \$50 each per meeting attended, with a maximum of \$600 per calendar year, and shall be reimbursed from sewage works funds for all reasonable and necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the Town for any salary or expenses so incurred.

Section 5. Powers, Duties and Limitations. A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by the Act, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in the Act as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of the Act shall be paid solely and only from funds provided under the authority of the Act, and the Board shall not exercise or carry out any authority or power given it so as to bind the Board or the Town beyond the extent to which money shall have been or may be provided under the authority of the Act. No contract or agreement with any contractor or contractors for labor and/or materials exceeding the sum of \$5,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, acquisition, installation and completion of such works, the Sanitary Board shall operate, manage and control the same and may order and

complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by the Act, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by the Act, or which may be granted to it by amendments to the Act, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this ordinance and the Act shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided by the Act.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the West Virginia Code of 1931, as amended, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Fidelity Bonds. The Sanitary Board shall require all persons who collect or otherwise handle funds of the Board or the System to furnish a good and proper bond, with a recognized and reputable surety, conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the Board.

Section 10. Effective Date. This Ordinance shall take effect immediately following the second reading hereon.

Passed on First Reading: November 7, 1996

Passed on Second Reading: December 5, 1996

s/s Carl Pinnell
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF FLEMINGTON on the 5th day of December, 1996.

Dated: June 4, 1998.

[SEAL]


Recorder

05/18/98
292210/96001

TOWN OF FLEMINGTON

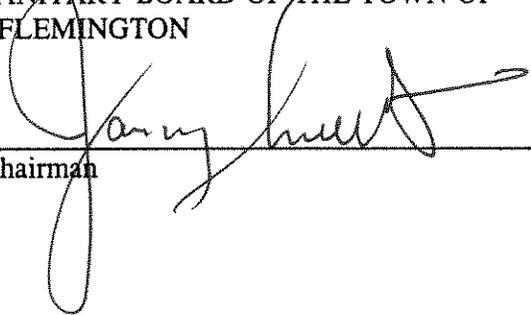
Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Flemington (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that sewer revenue bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed \$823,700 for the purpose of financing the costs of acquisition and construction of new sewerage facilities for the Town, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 16th day of April, 1998.

SANITARY BOARD OF THE TOWN OF
FLEMINGTON


Chairman

04/02/98
292210/96001

TOWN OF FLEMINGTON

AN ORDINANCE SETTING FORTH SEWER RATES, CONNECTION CHARGE, RECONNECTION CHARGE AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FLEMINGTON

THE COUNCIL OF THE TOWN OF FLEMINGTON HEREBY ORDAINS:
The following schedule of sewer rates, connection charge, reconnection charge and delayed payment penalty are hereby fixed and determined as the sewer rates, connection charge, reconnection charge and delayed payment penalty to be charged to customers of the sewerage system of the Town of Flemington throughout the territory served:

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First 3,000 gallons per month at \$7.00 per 1,000 gallons
Over 3,000 gallons per month at \$6.00 per 1,000 gallons

MINIMUM BILL

The minimum bill shall be \$21.00 per month.

CONNECTION CHARGE

The connection charge before construction shall be \$150.
The connection charge after construction shall be the lesser of \$350 or actual cost.

RECONNECTION CHARGE

The reconnection charge shall be \$50.

22

DELAYED PAYMENT PENALTY

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

DISCONNECT FOR NON-PAYMENT

If any bill is not paid within 60 days from the date of the bill, water service to the customer will be discontinued and will not be restored until all past due bills have been paid in full, together with all penalty charges and the reconnection charge, subject to applicable rules of the Public Service Commission of West Virginia.

SECTION 2. EFFECTIVE DATE

The sewer rates, connection charge, reconnection charge and delayed payment penalty provided herein shall be effective upon substantial completion of the new sewerage system of the Town of Flemington, expected to be December, 1998, but in no event prior to 45 days after the enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Mountain Statesman, a qualified newspaper of general circulation in the Town of Flemington, no newspaper being published therein, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council at the Town Hall, Flemington, West Virginia, on the 2nd day of October, 1997, at 7:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall

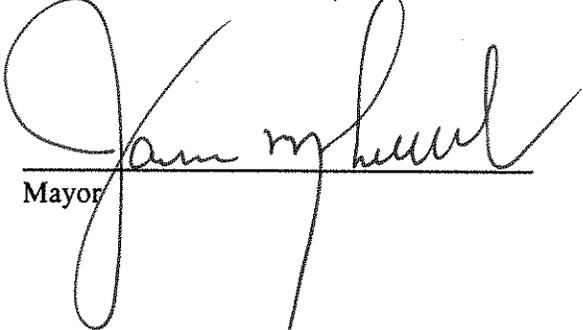
take such action as it shall deem proper in the premises. Copies of this Ordinance shall be available to the public for inspection at the office of the Recorder in the Town Hall, Flemington, West Virginia.

Passed on First Reading:

September 18, 1997.

Passed on Second Reading
Following Public Hearing:

October 2, 1997.



Mayor

CERTIFICATION AND NOTICE

The foregoing Ordinance has been introduced and adopted on first reading at a meeting of the Council held on September 18, 1997. Any person interested may appear before the Council of the Town of Flemington at the Town Hall, Flemington, West Virginia, on the 2nd day of October, 1997, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed Ordinance may be inspected by the public at the office of the Recorder in the Town Hall, Flemington, West Virginia.

Dated: September 18, 1997.


Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the
TOWN OF FLEMINGTON on the 2nd day of October, 1997.

Dated: June 4, 1998.

[SEAL]


Recorder

05/06/98
292210/96001

NOTICE OF PUBLIC HEARING ON TOWN OF FLEMINGTON RATE ORDINANCE

AN ORDINANCE SETTING FORTH SEWER RATES, CONNECTION CHARGE, RECONNECTION CHARGE AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FLEMINGTON

THE COUNCIL OF THE TOWN OF FLEMINGTON HEREBY ORDAINS:

The following schedule of sewer rates, connection charge, reconnection charge and delayed payment penalty are hereby fixed and determined as the sewer rates, connection charge, reconnection charge and delayed payment penalty to be charged to customers of the sewerage system of the Town of Flemington throughout the territory served:

SECTION I. SCHEDULE OF RATES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First 3,000 gallons per month at \$7.00 per 1,000 gallons
Over 3,000 gallons per month at \$6.00 per 1,000 gallons

MINIMUM BILL

The minimum bill shall be \$21.00 per month.

CONNECTION CHARGE

The connection charge before construction shall be \$150.
The connection charge after construction shall be the lesser of \$350 or actual cost.

RECONNECTION CHARGE

The reconnection charge shall be \$50.

DELAYED PAYMENT PENALTY

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

DISCONNECT FOR NON-PAYMENT

If any bill is not paid within 60 days from the date of the bill, water service to the customer will be discontinued and will not be restored until all past due bills have been paid in full, together with all penalty charges and the reconnection charge, subject to applicable rules of the Public Service Commission of West Virginia.

SECTION 2. EFFECTIVE DATE

The sewer rates, connection charge, reconnection charge and delayed payment penalty provided herein shall be effective upon substantial completion of the new sewerage system of the Town of Flemington, expected to be December, 1998, but in no event prior to 45 days after the enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by any court of compe-

tent jurisdiction, such holding shall not affect the remainder of the Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of the Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Mountain Statesman, a qualified newspaper of general circulation in the Town of Flemington, no newspaper being published therein, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council at the Town Hall, Flemington, West Virginia, on the 2nd day of October, 1997, at 7:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises. Copies of this Ordinance shall be available to the public for inspection at the office of the Recorder in the Town Hall, Flemington, West Virginia.

CERTIFICATION AND NOTICE

The foregoing Ordinance has been introduced and adopted on first reading at a meeting of the Council held on September 18, 1997. Any person interested may appear before the Council of the Town of Flemington at the Town Hall, Flemington, West Virginia, on the 2nd day of October, 1997, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed Ordinance may be inspected by the public at the office of the Recorder in the Town Hall, Flemington, West Virginia.

Dated: September 18, 1997.

James Smith
Mayor

LEGAL 7530
9/18, 1997

16/4

THE MOUNTAIN STATESMAN

"Serving Grafton and the Heartland of Northern West Virginia"
914 West Main Street, Grafton, West Virginia 26354

Phone: (304) 265-3333

LEGAL ADVERTISING INVOICE

9/30/97
Date

• Steptoe & Johnson
Bank One Center
P.O. Box 2190
Clarksburg, WV 26301

• Invoice No. 7530 Amount Remitted \$ _____

• Re: Town of Flemington Sewer Rate Ordinance

Insertion Dates: 9/19 & 9/26/97

Amount Due \$137.36 plus \$2.00 Aff. Charge

Legal Rate Information: 7¢ per word for the first insertion and 75% per insertion thereafter. FEIN #363672215

MAKE CHECKS PAYABLE TO

THE MOUNTAIN STATESMAN

914 WEST MAIN STREET, GRAFTON, WEST VIRGINIA 26354

- PLEASE PUT INVOICE NO. ON CHECK -

NOTICE: 1 1/2% SERVICE CHARGE IF NOT PAID IN 30 DAYS. MINIMUM \$1.00

State of West Virginia, County of Taylor, ss:

Mark Davis Advertising Manager

Mountain Statesman, a newspaper published at Grafton in said county, do hereby certify that the annexed

Legal 7530

was published once a week for two successive weeks in

said Mountain Statesman newspaper as aforesaid, commencing on the

September 19 97 days of 19 97

Given under my hand this 30th day of September 97
Phyllis J. Neuharth Advertising Manager

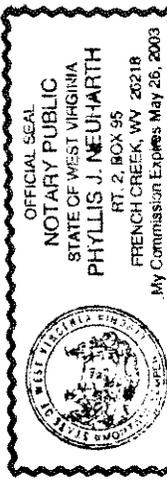
Printers fee \$ _____

WEST VIRGINIA, TAYLOR COUNTY, TO-WIT:

Subscribed and sworn to before me this 30th day of September 97

Phyllis J. Neuharth Notary Public.

My Commission Expires May 26, 2003



MEMO

To: Flemington City Council
From: Jim Smith, Mayor
Subject: City Council Meeting Minutes, September 18, 1997
Date: September 19, 1997
Memo: 1-97

Council present: Tom Marshall, Carl Pinnell, Luther Johnson, Jim Smith.
Absent: Geoff Marshall, Judy Stewart

I CALL TO ORDER OF SPECIAL MEETING

City Council Meeting was called to order at 7:03 PM by Mayor Jim Smith.

II MINUTES

None presented.

III CORRESPONDENCE

None presented.

IV UNFINISHED BUSINESS

None presented

V NEW BUSINESS

*Mayor Smith shared with Council copies of the Rate and Use ordinance for the City of Flemington. A general discussion was held concerning the contents of the Ordinance. Major points discussed were the various fees; taps, reconnection, and fees after plant is operational. Additionally, customer rates, and billing and use ordinances were discussed.

*Motion made by Tom Marshall and seconded by Carl Pinnell to approve the contents of the first reading of the Rate and Use Ordinance. Motion passed unanimously. ✓

*Second reading and public hearing to be held on October 2, 1997 at 7: PM.

VI MEETING ADJOURNED 8:05 PM.

Memo

To: Flemington City Council
From: Jim Smith, Chairman
Re: City Council Minutes Oct. 2, 1997
Memo 2-97
Date October 20, 1997

Full City Council Minutes

City Council members present; Jim Smith, Luther Johnson, Brad Vincent, Carl Pinnell.
Others present; Jim Hull, Steve Gain, Tom Burton.

Call To Order

✓ The City Council meeting was called to order at 7:03 PM. The purpose of the meeting was to conduct the business having the rate and use ordinances read for a second time and to conduct a public hearing pertaining to ordinances.

After a review of the ordinances a motion was passed to approve the use and rate ordinances, number 52 and 53. Motion was made and passed 4-0. Public hearing began at 7:15. No verbal or written comments. No public citizens were in attendance.

Motion was made to adjourn meeting of regular council.

The meeting of the Sanitary Board was opened. A motion was made to approve ordinances 52 and 53 as submitted. A motion was made to adjourn sanitation meeting.

The regular Council meeting was reconvened at 7:20 PM. A motion was made and passed to reconvene.

A copy of the drawings and specifications were presented to Thrasher Engineering.

\$1,000 was approved for the beautification grant. They need the tax number.

The Council wants to request \$50,000 for street and sidewalk repair.

Trick or Treat will be from 6:00 PM to 8:00 PM, and the Lions Club will sponsor a party afterward.

A motion was made to buy a box of paper for \$5.00 and pay five cents to Vincents Garage for copying.

City may need to have a seal. A motion was made and passed that the Town purchase a seal if Danny does not have one.

The Town received several complaints from citizens regarding brush and debris.

Is money in the budget for cinders?

Discussed a binding letter of commitment for \$160,000 at 1% interest, between and the West Virginia State Revolving Loan Fund. Motion was made and seconded that the binding letter be approved.

Next meeting November 6, 1997.



THE MOUNTAIN STATESMAN

"Serving Grafton and the Heartland of Northern West Virginia"

914 West Main Street, Grafton, West Virginia 26354

Phone: (304) 265-3333

LEGAL ADVERTISING INVOICE

5/20/98 Date

LEGAL

NOTICE OF PUBLIC HEARING ON TOWN OF FLEMINGTON BOND ORDINANCE
 A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Flemington (the "Town") to be held on May 7, 1998, at 7:00 p.m. at the Flemington Town Hall, Flemington, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC SEWERAGE SYSTEM OF THE TOWN OF FLEMINGTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998, A (WEST VIRGINIA SAF PROGRAM) AND NOT MORE THAN \$663,700 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998, B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND

CONFIRMING 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-entitled Ordinance was approved by the Council on April 23, 1998.
 The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing for a portion of the costs of acquisition and construction of a new public sewerage system of the Town. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the Town. No taxes at any time be levied for the payment of the Bonds or the interest thereon.
 A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Recorder for review by interested parties during regular office hours.
 Following the public hearing, the Council intends to enact the Ordinance upon final reading.
 Dated: April 24, 1998.

James Smith Mayor

LEGAL 7682
4/24, 5/1

Notice of Public Hearing on Town of Flemington

Insertion Dates: April 1, 24 & May 1, 1998

Amount Due \$62.48 Plus \$2.00 Aff. Charge

Legal Rate Information: 5¢ per word for the first insertion and 75¢ per insertion thereafter. FEIN #363672215

MAKE CHECKS PAYABLE TO

THE MOUNTAIN STATESMAN

914 WEST MAIN STREET, GRAFTON, WEST VIRGINIA 26354

- PLEASE PUT INVOICE NO. ON CHECK -

NOTICE: 1% SERVICE CHARGE IF NOT PAID IN 30 DAYS. MINIMUM \$1.00

State of West Virginia, County of Taylor, ss:

12

Linda Hess Advertising Manager

Mountain Statesman, a newspaper published at Grafton in said county, do hereby certify that the annexed

Legal 7682

was published once a week for two successive weeks in

said Mountain Statesman newspaper as aforesaid, commencing on the

April 24 days of 1998

Given under my hand this 20th day of 19 98

Linda Hess Advertising Manager

Printers fee \$

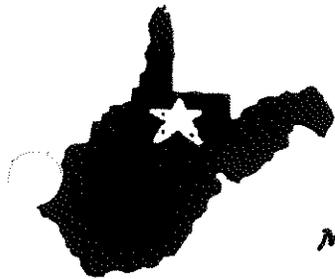
WEST VIRGINIA, TAYLOR COUNTY, TO-WIT:

Subscribed and sworn to before me this 20th day of 19 98

Monica G Robinson Notary Public

My Commission Expires Oct 15, 2007





Town of Flemingington

Box 56 Flemingington, West Virginia 26347



West Virginia College
1st College in WV
Founded 1868
Flemington, WV

Mayor Jim Smith

Recorder Judy Stewart

Council

Tom Marshall

Brad Vincent

Geoff Marshall

Luther Johnson

Carl Pinnell

April 16, 1998

6:00 p.m.

SPECIAL MEETING

Present:

Jim Smith, Mayor

Steve Cain, Thrasher Engineering

Council members: Brad Vincent; Carl Pinnell, Luther Johnson

Absent: Tom Marshall; Geoff Marshall; Judy Stewart

I. Meeting opened by Mayor Jim Smith.

II. Letter from F. Tan of Steptoe & Johnson, giving a schedule of meetings for Bond Ordinance for construction of waste water treatment plant. Motion made by Brad Vincent, seconded by Carl Pinnell to approve schedule of activities as submitted. Motion carried, 4-0..

III. Mayor Smith presented a petition approved by Sanitary Board. This petitioned the Town of Flemingington to enact an Ordinance directing Sewer Revenue Bonds of the Town to be issued in the amount of \$823,700 (160,000 SRloaning funds and 663,700 WV Infrastructure Fund) Such bonds to be used for construction of a sewage facilities for the Town. After discussion, Brad Vincent made a motion toapprove, second by Luther Johnson. Motion carried, 4-0.

IV. Mayor Smith presented to council a copy of a document titled Resolution on Open Governmental Proceedings. Motion to approve made by Brad Vincent, second by Carl Pinnell. Motion carried 4-0..

V. Bond Ordinance read by Mayor Smith titled Sewer Revenue Bonds Series 1998A(WV SRF Program) and Series 1998B(WV Infrastructure Fund). Motion by Brad Vincent to approve first reading, seconded by Carl Pinnell. Motion carried, 4-0..

VI. Next meeting to be April 23, 1998, at 6:00p.m. for second reading.

VII. Meeting adjourned .

Mayor

Recorder

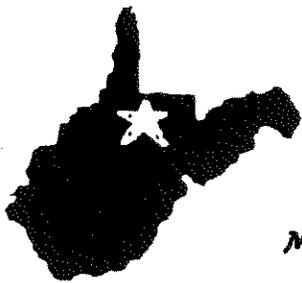
Date

Apr. 23, 1998

"Come Home To Family"
Celebrate Flemingington Days With Your Neighbor
September 18, 19, 20

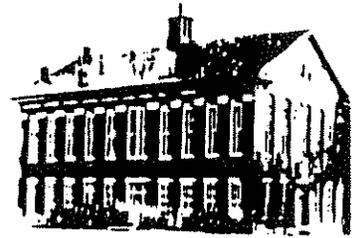
For more information call Tom Dadisman
265-5549

26 A



Town of Flemington

Box 56 Flemington, West Virginia 26347



Mayor Jim Smith

Recorder Judy Stewart

Council

Tom Marshall

Brad Vincent

Geoff Marshall

Luther Johnson

Carl Pinnell

West Virginia College
1st College in WV
Founded 1868
Flemington, WV

SPECIAL MEETING

APRIL 23, 1998

Present: Mayor Jim Smith
Council: Carl Pinnell; Brad Vincent
Recorder Judy Stewart

Meeting called to order by Mayor Jim Smith.

Minutes of April 8 and April 16 read by recorder. Motion to approve minutes of both meetings made by Carl Pinnell, seconded by Brad Vincent. Motion carried, 4-0.

✓ Motion to approve second reading of Bond Ordinance made by Carl Pinnell, seconded by Brad Vincent. Motion carried, 4-0.

Motion to adjourn made by Brad Vincent, seconded by Carl Pinnell. Motion carried, 4-0.

Next meeting May 7, 1998 at 7:00 p.m.

Mayor

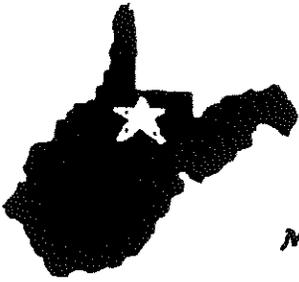
Recorder

Date

May 7, 1998 ✓

"Come Home To Family"
Celebrate Flemington Days With Your Neighbor
September 18, 19, 20
For more information call Tom Dadisman
265-5549

26B



Town of Flemingington

Box 56 Flemingington, West Virginia 26347



West Virginia College
1st College in WV
Founded 1868
Flemington, WV

Mayor Jim Smith

Recorder Judy Stewart

Council

Brad Vincent

Luther Johnson

Tom Marshall

Geoff Marshall

Carl Pinnell

May 07, 1998

Present: Mayor Jim Smith

Recorder Judy Stewart

Councilmembers: Carl Pinnell; Geoffrey Marshall

Absent: Tom Marshall; Luther Johnson; Brad Vincent

I. Meeting opened by Mayor Jim Smith.

II. Minutes of special meetings held on April 21 and April 23 read by Recorder. Motion to approve minutes of both meetings as read was made by Carl Pinnell, seconded by Geoff Marshall. Motion carried, 4-0.

III. Unfinished business: Motion to revise General Fund Budget for F. Y. 97-98 an increase of \$694.05 under beautification, (grant money for trees), made by Geoff Marshall, seconded by Carl Pinnell. Check will be written to reimburse Flemingington Lions Club for trees purchased by them and planted around the Town. Motion carried, 4-0.

IV. Finances: Motion made by Geoff Marshall to pay bills for May in amount of \$729.18, as presented, seconded by Carl Pinnell. Motion carried, 4-0.

V. Motion made by Geoff Marshall to adjourn regular meeting and convene for Public Meeting for third and final hearing on Bond Ordinance, seconded by Carl Pinnell. Motion carried, 4-0.

VI. Public hearing for Bond Ordinance opened by Mayor Jim Smith. No citizens present to oppose or comment. Motion to adjourn special meeting and reconvene to regular meeting made by Carl Pinnell, seconded by Geoff Marshall. Motion carried, 4-0.

VII. Bond Ordinance: Third reading of the Bond Ordinance for the Town of Flemingington series 1998A and 1998 B. Motion by Carl Pinnell to approve third and final reading, seconded by Geoff Marshall. Motion carried, 4-0. Motion by Geoff Marshall to approve and adopt terms stated in Supplemental Res., seconded by Carl Pinnell. Motion carried, 4-0.

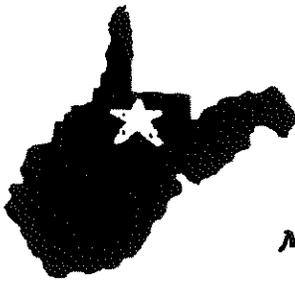
Motion to approve payment of \$104,524.32 to Thrasher Engineering, Inc., and One Valley Bank payment of \$250.00 (for registration fee), payment of \$16,000.00 to Jim Hall, Region Six, to distribute to Steptoe & Johnson, etc., seconded by Carl Pinnell. Motion carried, 4-0.

VIII. Unfinished business: Taylor County Senior Citizens will pay fifty per cent of cost of floor buffer. Companies will demonstrate and list purchase price. Seniors will be allowed to use on occasion. Motion to approve made by Carl Pinnell, seconded by Geoff Marshall. Motion carried, 4-0.

"Come Home To Family"
Celebrate Flemingington Days With Your Neighbor
September 18, 19, 20

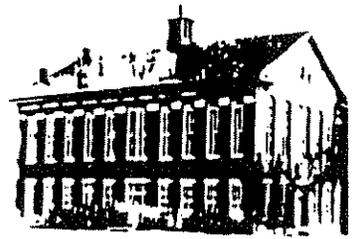
For more information call Tom Dadisman
265-5549

26C



Town of Flemingington

Box 56 Flemingington, West Virginia 26347



Mayor Jim Smith

Recorder Judy Stewart

Council

Tom Marshall

Brad Vincent

Geoff Marshall

Luther Johnson

Carl Pinnell

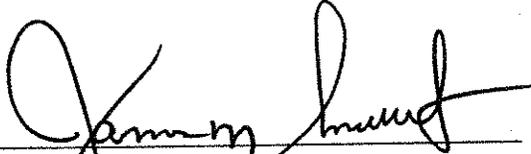
West Virginia College
1st College in WV
Founded 1868
Flemington, WV

Request made by Senior Citizens to use Community Building October 3, 1998, to hold Flea Market-Hot Dog Sale, with free rental. Motion to approve made by Carl Pinnell, seconded by Geoff Marshall. Motion carried, 4-0.

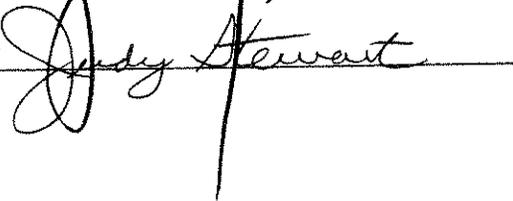
Request by custodian Ruth Powell to use Community Building for two hours on May 21, 1998, (no rental fee). Motion to approve on a one time basis made by Geoff Marshall, seconded by Carl Pinnell. Motion carried, 4-0.

Motion to pay a supervisor \$2.00 per hour plus 32cents per mile to pick-up and return trustees to County Jail, not to exceed ten(10) days, and pay for trustees lunch. Motion made by Geoff Marshall, seconded by Carl Pinnell. Motion carried, 4-0.

Motion to adjourn made by Carl Pinnell, seconded by Geoff Marshall. Motion carried, 4-0. Next meeting to be June 4, 1998, at 7:00 p.m.

Mayor 

Date June 4, 1998

Recorder 

"Come Home To Family"
Celebrate Flemingington Days With Your Neighbor
September 18, 19, 20
For more information call Tom Dadisman
265-5549



WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
 Suite 300
 Charleston, WV 25301
 (304)558-3971

NEW ISSUE REPORT FORM

Date of Report: June 4, 1998

(See Reverse for Instructions)

ISSUE: Town of Flemington Sewer Revenue Bonds, Series 1998 A (WV SRF Program)

ADDRESS: Post Office Box 56, Flemington, WV 26347

COUNTY: Taylor

PURPOSE: New Money X

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: June 4, 1998

CLOSING DATE: June 4, 1998

ISSUE AMOUNT: \$160,000 [16,000] RATE: 0% Administrative Fee: 1%

1st DEBT SERVICE DUE: 3/1/2000 LDS: 12/19 1st PRINCIPAL DUE: 3/1/2000, \$2,000.00

1st DEBT SERVICE AMOUNT: \$2,000.00 + AF PAYING AGENT: Municipal Bond Commission - DEP

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

CLOSING BANK: One Valley Bank

Contact Person: _____

Phone: 265-3400 (Grafton)

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Judy Stewart

Position: Recorder

Phone: 739-2257

FAX: _____

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

ESCROW TRUSTEE:

Contact Person: _____

Phone: _____

OTHER:

Contact Person: _____

Function: _____

Phone: _____

DEPOSITS TO MBC AT CLOSE:

By Wire
 Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
 Check
 IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES:

RR = 8,000.00 BD OR R/D = 66.67 begin 12/1/99
R/D 734.17 12/1/99

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: June 4, 1998

(See Reverse for Instructions)

ISSUE: Town of Flemington Sewer Revenue Bonds, Series 1998 B (WV Infrastructure Fund)

ADDRESS: Post Office Box 56, Flemington, WV 26347

COUNTY: Taylor

PURPOSE: New Money Refunding

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: June 4, 1998

CLOSING DATE: June 4, 1998

ISSUE AMOUNT: \$663,700 [1,047,751] RATE: 0%

1st DEBT SERVICE DUE: 12/1/99 LPS: 3/38

1st PRINCIPAL DUE: 12/1/99, \$4,309.74

1st DEBT SERVICE AMOUNT: \$4,309.74

PAYING AGENT: Municipal Bond Commission - UNB

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

CLOSING BANK: One Valley Bank

Contact Person: _____

Phone: 265-3400 (Grafton)

ESCROW TRUSTEE:

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Judy Stewart

Position: Recorder

Phone: 739-2257

FAX: _____

OTHER:

Contact Person: _____

Function: _____

Phone: _____

DEPOSITS TO MBC AT CLOSE:

By Wire
 Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
 Check
 IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES:

RR = 17,239 BD OR RID = 143.66 begin 9/1/99
RID 1,436.58 begin 9/1/99

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

TOWN OF FLEMINGTON

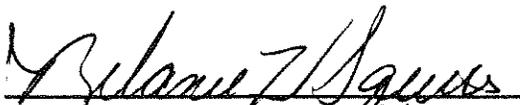
Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

One Valley Bank of Clarksburg, National Association, Grafton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Flemington (the "Issuer") enacted by the Issuer on May 7, 1998, and a Supplemental Resolution adopted by the Issuer on May 7, 1998 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program) and Sewer Revenue Bonds Series 1998 B (West Virginia Infrastructure Fund), both dated June 4, 1998, issued in the respective aggregate principal amounts of \$160,000 and \$663,700 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 4th day of June, 1998.

ONE VALLEY BANK OF CLARKSBURG,
NATIONAL ASSOCIATION


Senior Vice President & Cashier

05/06/98
292210/96001

TOWN OF FLEMINGTON

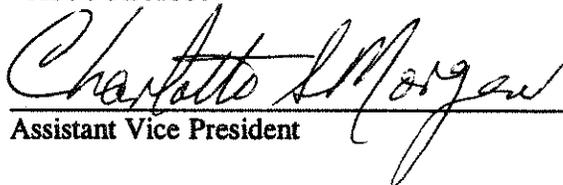
**Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)**

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Flemington Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), both dated June 4, 1998, issued in the respective aggregate principal amounts of \$160,000 and \$663,700 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 4th day of June, 1998.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

05/06/98
292210/96001

TOWN OF FLEMINGTON

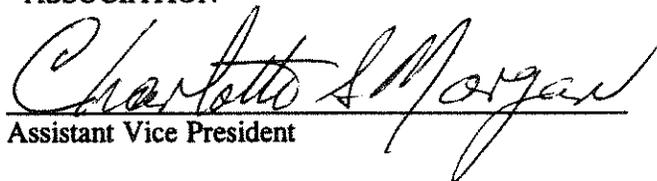
Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Flemington (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bond, Series 1998 A (West Virginia SRF Program), of the Issuer, dated June 4, 1998, in the principal amount of \$160,000, numbered AR-1, and the single, fully registered Sewer Revenue Bond, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, dated June 4, 1998, in the principal amount of \$663,700, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 4th day of June, 1998.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

05/06/98
292210/96001

TOWN OF FLEMINGTON

Sewer Revenue Bonds,
Series 1998 A (West Virginia SRF Program) and
Series 1998 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 4th day of June, by and between the TOWN OF FLEMINGTON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$160,000 Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), and \$663,700 Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted May 7, 1998, and a Supplemental Resolution of the Issuer duly adopted May 7, 1998 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

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

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out

the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

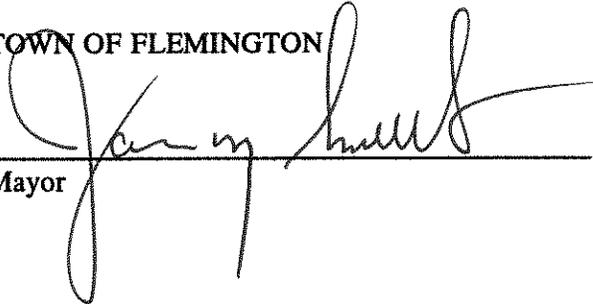
ISSUER: Town of Flemington
Post Office Box 56
Flemington, West Virginia 26347
Attention: Mayor

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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

TOWN OF FLEMINGTON



Mayor

ONE VALLEY BANK, NATIONAL
ASSOCIATION



Assistant Vice President

05/06/98
292210/96001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

Invoice

**ONE VALLEY
BANK**

TOWN OF FLEMINGTON, WEST VIRGINIA
ATTN: MAYOR JAMES SMITH
P O BOX 44
FLEMINGTON WV 26347

DATE JUNE 4, 1998

UNITS	ITEM DESCRIPTION	TOTAL
	<p>TOWN OF FLEMINGTON SEWER REVENUE BONDS, SERIES 1998 A (WVA SRF PROGRAM) AND SERIES 1998 B (WVA INFRASTRUCTURE FUND)</p> <p>ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....</p>	<p>\$250.00</p>

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326
ATTN: CHARLOTTE S MORGAN



CECIL H. UNDERWOOD
GOVERNOR

DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

JOHN E. CAFFREY
DIRECTOR

February 6, 1998

Honorable Carl Pinnell
Mayor, Town of Flemington
P.O. Box 56
Flemington, WV 2 26571

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mayor Pinnell:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0105406, dated the 5th day of February 1998, for the Town of Flemington to serve same in Flemington, West Virginia.

All facilities permitted to discharge pollutants to the waters of the State, under Chapter 22, Article 11 of the West Virginia Code, are required to test their effluent in order to verify permit compliance. This testing is the responsibility of the permittee, and these test results are to be submitted to the office on the Discharge Monitoring Report (DMR), which is attached to the back of this Permit. A DMR is to be completed and received by this office, each month, no later than 20 days following the end of the reporting period. The address to which DMRs are to be sent is noted in Section E.2, Attention: Engineering Branch. It is suggested that several copies of the enclosed DMR form be made for your future use, as this office does not supply permittees with DMR forms.

Please note the attachment to this Permit which describes the annual permit fee requirement.

Please, also, note Section G.9, on page 11, prohibiting the acceptance of new nondomestic wastewater discharges without prior Office approval.

Finally note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

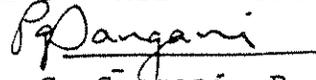
Division of Environmental Protection
Office of Water Resources
1304 Goose Run Road
Fairmont, WV 26554

Honorable Carl Pinnell
Page 2
February 6, 1998

If you have any questions, please contact Robert Bates of
this office at 304-558-4086, or by TDD at 304-558-2751.

Very truly yours,

OFFICE OF WATER RESOURCES



Pravin G. Sangani, P. E.
Branch Leader, Permits

PGS:md
Enclosure



WRD 1A-82
Revised 4/95

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0105406

Issue Date: February 5, 1998

Subject: Sewage Facilities

Effective Date: March 5, 1998

Expiration Date: February 4, 2003

Supersedes: N/A

Location:	Flemington (City)	Taylor (County)	Monongahela (Drainage Basin)
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Outlet Latitude: 39° 15' 55" N

Sites: Longitude: 80° 07' 45" W

To whom it may concern:

This is to certify that Town of Flemington
P.O Box 56
Flemington, WV 26571

is hereby granted a NPDES Water Pollution Control Permit to acquire, construct, install, operate, and maintain a new 40,000 sewage collection and treatment system consisting of 4,389 linear feet of four (4) inch gravity sewer line, 5,630 linear feet of six (6) inch gravity sewer line, 19,556 linear feet of eight (8) inch gravity sewer line, 110 manholes, 42 cleanouts, two (2) duplex lift stations, a simplex grinder pump station, 274 linear feet of 1.5 inch force main, 3,032 linear feet of three (3) inch force main, and a 40,000 gallon treatment system consisting of a bar screen, 14,000 gallon flow equalization, 40,000 gallon aeration basin, 10,660 gallon secondary clarifiers, tablet-type chlorine disinfection with a 1,120 gallon contact tank, a dechlorination unit, 8,740 gallon aerated sludge holding tank, a continuous flow measuring device and all other necessary appurtenances.

The system is designed to serve 198 customers in the Town of Flemington and discharge treated wastewater into Simpson Creek (20.5 miles from its mouth) of the West Fork River of the Monongahela River.

(Continued on Page 2)

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0105406 dated the 13th day of June 1997, along with the plans and specifications approved by the Construction Assistance Branch on the 2nd day of September 1997 and additional plans and specifications concerning the continuous flow measuring device received on the 12th day of November 1997, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, and G.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WITH:

PLANS:

Date Approved: September 2, 1997
Prepared by: Thrasher Engineering
P.O. Box 1532
Clarksburg, WV 26301

Title: Town of Flemington Construction Plans
Sanitary Sewer Collection System and
40,000 gpd Wastewater Treatment Plant
Taylor County, West Virginia

SPECIFICATIONS AND REPORTS:

Date Approved: September 2, 1997
Prepared by: Thrasher Engineering
P.O. Box 1532
Clarksburg, WV 26301

Title: Town of Flemington
Taylor County, West Virginia
Sanitary Sewer Collection System and
40,000 gpd Wastewater Treatment Facility

A. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning March 5, 1998 and lasting through midnight, February 4, 2003 the permittee is authorized to discharge from outlet number(s) 001-Discharge from sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations		Other Units(Specify)		Monitoring Requirements	
	Avg. Monthly	(Quantity)lbs/day Max. Daily	Avg. Monthly	Max. Daily	Measurement Frequency	Sample Type
Flow			0.040 MGD		Continuous	Measured
Biochemical Oxygen Demand (5-Day)	10.0	20.0	30.0 mg/l	60.0 mg/l	1/Month	8 hr. composite
Total Suspended Solids	10.0	20.0	30.0 mg/l	60.0 mg/l	1/Month	8 hr. composite
Total Kjeldahl Nitrogen (TKN)	6.0	12.0	18.0 mg/l	36.0 mg/l	1/Month	8 hr. composite
Fecal Coliform			counts 200 100 ml	counts 400 100 ml	1/Month	Grab
Total Residual Chlorine			28.0 ug/l	57.0 ug/l	1/Month	Grab

The pH shall not be less than 6.0 standard units and not greater than 9.0 standard units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD₅ samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3 of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

B. SCHEDULE OF COMPLIANCE

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

Within 90 days of treatment - Submit permit modification
plant startup application for sludge
management practices
(See Condition G.10)

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

C. MANAGEMENT CONDITIONS

- 1. Duty to Comply**
 - (a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
 - (b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.
- 2. Duty to Reapply**

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.
- 3. Duty to Mitigate**

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.
- 4. Permit Actions**

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit conditions.
- 5. Property Rights**

This permit does not convey any property rights of any sort or any exclusive privilege.
- 6. Signatory Requirements**

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Title 47, Series 10, Section 4.6 of the West Virginia Legislative Rules.
- 7. Transfers**

This permit is not transferable to any person, except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.
- 8. Duty to Provide Information**

The permittee shall furnish to the Chief, within a reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.
- 9. Other Information**

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.
- 10. Inspection and Entry**

The permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

 - a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
 - b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;
 - c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
 - d) Samples or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.
- 11. Permit Modification**

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22, Article 11, Section 12 of the Code of West Virginia.
- 12. Water Quality**

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the State Water Resources Board.
- 13. Outlet Markers**

A permanent marker at the establishment shall be posted in accordance with Title 47, Series 11, Section 9 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.
- 14. Liabilities**
 - a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318, or 405 of the Clean Water Act is subject to a civil penalty not to exceed \$10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than \$2,500 nor more than \$25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
 - b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
 - c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
 - d) Nothing in C.14.a), b) and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 22, Article 11.

E. MONITORING AND REPORTING

1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

2. Reporting

- a) Permittee shall submit each month, according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s).
- b) The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief
Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Attention: Engineering Branch

- c) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.
- d) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).
- e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g., 3/month is equivalent to 3 analyses performed every calendar month.) if continuous, enter "Cont.". The frequency listed on format is the minimum required.

3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136, unless other test procedures have been specified elsewhere in this permit.

4. Recording of Results

For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.

- a) The date, exact place, and time of sampling or measurement;
- b) The date(s) analyses were performed;
- c) The individual(s) who performed the sampling or measurement;
- d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;
- e) The analytical techniques or methods used, and
- f) The results of such analyses.

Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in E.6.

5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated. Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three(3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

7. Definitions

- a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.
- b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.
- c) "Maximum daily discharge limitation" means the highest allowable daily discharge.
- d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.
- e) "Grab Sample" is an individual sample collected in less than 15 minutes.
- f) "i-s" = immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.
- g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.
- h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two(2) consecutive hours during a 24-hour day, or during the operating day if flows are of shorter duration.
- i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.
- j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.
- k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.
- l) "Noncontact cooling water" means the water that is contained in a leak-free system, i.e. no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

D. OPERATION AND MAINTENANCE

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of the permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Regulations authorized under Chapter 16, Article 1, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3. Bypass

a) Definitions

- (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
- (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c) and D.3.d) of this permit.

- (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
- (2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in F.2.b) of this permit.

d) Prohibition of bypass

- (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless:
 - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
 - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
 - (C) The permittee submitted notices as required under D.3.c) of this permit.
- (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3.d)(1) of this permit.

4. Upset

- a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.
- b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.
- c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
 - (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
 - (2) The permitted facility was at the time being properly operated;
 - (3) The permittee submitted notice of the upset as required in F.2.b) of this permit.
 - (4) The permittee complied with any remedial measures required under C.3. of this permit.
- d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

F. OTHER REPORTING

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee for any responsibilities, liabilities, or penalties established pursuant to Title 47, Series 11, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11. Attached is a copy of the West Virginia Spill Alert System for use in complying with Title 47, Series 11, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

- a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provided within five(5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- b) The following shall also be reported immediately:
 - (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
 - (2) Any upset which exceeds any effluent limitation in the permit; and
 - (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.
- c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.
- d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Title 47, Series 11, Section 2.

3. Reporting Requirements

- a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
 - (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Title 47, Series 10, or
 - (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. The notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.
- b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
 - (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, or any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
 - (A) One hundred micrograms per liter (100 ug/l);
 - (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol; and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
 - (C) Five(5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Title 47, Series 10;
 - (D) The level established by the Chief in accordance with Section 6.3.g. of Title 47, Series 10;
 - (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
 - (A) Five hundred micrograms per liter (500 ug/l);
 - (B) One milligram per liter (1 mg/l) for antimony;
 - (C) Ten(10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7. of Title 47, Series 10;
 - (D) The level established by the Chief in accordance with Section 6.3.g. of Title 47, Series 10;
 - (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Title 47, Series 10 and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
 - (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Title 47, Series 10 and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2.a).

G. OTHER REQUIREMENTS

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
2. The entire sewage treatment facility shall be adequately protected by fencing.
3. Continuous maintenance and operation of the listed sewage treatment facility shall be performed by or supervised by a certified operator possessing at least a class I-S certificate for Waste Water Treatment Plant Operators, issued by the State of West Virginia.
4. An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.
5. The arithmetic mean of values for effluent samples collected in a period of seven(7) consecutive days shall not exceed 45.0 mg/l for BOD5 and TSS and 27.0 mg/l for TKN.
6. The arithmetic mean of the effluent values of the BOD5 and TSS discharged during a period of 30 consecutive days shall not exceed 15 percent of the respective arithmetic mean of the influent values for these parameters during the same time period except as specifically authorized by the permitting authority.
7. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Chief of the Office of Water Resources as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.
8. If any existing non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Chief of such violation or suspected violation.
9. If any existing non-domestic discharge is identified as being subject to a Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Chief of such identification.
10. Within 90 days of the start-up of the new wastewater treatment plant, the permittee shall submit a modification application to incorporate the statutory requirements relative to their sludge management program. Whereupon the review is concluded and approval of the modification is granted by the Chief, the permittee shall have fulfilled the requirements of Section D.5, Removed Substances, on page 6 of 11 of this Permit, with respect to the sludge generated by the wastewater treatment facilities permitted herein. Said approval shall be afforded in accordance with Title 47, Series 38D of the Legislative Rules.

G. OTHER REQUIREMENTS

11. The permittee has been authorized under WV/NPDES General Stormwater Permit No. WV0111457 (Registration No. WVG071190 dated June 13, 1997) to comply with its terms and conditions. Therefore, all requirements of said WV/NPDES General Stormwater Permit No. WV0111457 shall be incorporated herein as terms and conditions of this permit.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. WV0105406, dated the 13th day of June, 1997; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0105406, dated the 13th day of June, 1997, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Chapter 22, Article 11 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Article 11 of the Code of West Virginia and is transferable under the terms of Section 11 of said article.

By: _____
Chief

BST/rb

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

FACILITY NAME Flemington, Town of

COMMERCIAL LABORATORY NAME

LOCATION OF FACILITY Flemington, Taylor County

COMMERCIAL LABORATORY ADDRESS

PERMIT NUMBER WV0105406

COMMERCIAL LABORATORY ADDRESS

WASTELOAD FOR MONTH OF _____ 19 _____

INDIVIDUAL PERFORMING ANALYSES

Parameter	Quantity				Other Units				Measurement Frequency	Sample Type		
	Minimum	Avg. Monthly	Max. Daily	Units	N.E.	Minimum	Avg. Monthly	Max. Daily			Units	N.E.
Flow, in Con- duit or thru	*****	*****	*****	***								
trmt plant	*****	*****	*****	***								
50050												Measured
BOD, 5-Day (20 Deg. C)												
00310	N/A	10.0	20.0	lbs/ day								1/Month
Solids, Total Sus- pended												8-Hour Composit
00530	N/A	10.0	20.0	lbs/ day								1/Month
Nitrogen, Total Kjel- dahl (as N)												8-Hour Composit
00625	N/A	6.0	12.0	lbs/ day								1/Month
pH	*****	*****	*****	***								
00400	*****	*****	*****	***								
Coliform, Fecal Gen- eral	MF		MPN									
74055	Circle	Method	Used									
Chlorine, Total	*****	*****	*****	***								
Residual	*****	*****	*****	***								
50060	*****	*****	*****	***								
Name of Principal Executive Officer											Date Completed	
Title of Officer	I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations.											
	Signature of Principal Executive Officer or Authorized Agent											



DIVISION OF ENVIRONMENTAL PROTECTION

CECIL H. UNDERWOOD
GOVERNOR

1201 Greenbrier Street
Charleston, WV 25311-1088

JOHN E. CAFFREY
DIRECTOR

NOTICE TO PERMITTEES

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a (Now, Chapter 22, Article 11, Section 10). This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon rules promulgated by the Director of the Division of Environmental Protection. The Director promulgated regulations to this effect and the current regulations have an effective date of July 1, 1993. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the rules. The reference is Title 47, Legislative Rules of Bureau of Environment, Division of Environmental Protection, Office of Water Resources, Series 26 Water Pollution Control Permit Fee Schedule.

Based upon the volume of discharge for which your facility is currently permitted, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is \$100.00. This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. You will be invoiced by this agency at the appropriate time for the fee. Failure to submit the annual fee within one hundred and eighty (180) days of the due date will render your permit void.

RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by the Environmental Quality Board by filing a NOTICE OF APPEAL on the form prescribed by such Board for this purpose, with the Board, in accordance with the provisions of Section 21, Article 11, Chapter 22 of the Code of West Virginia within thirty (30) days after the date of receipt of the above permit.

**EMERGENCY RESPONSE SPILL ALERT SYSTEM
WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION**

REQUIREMENTS:

Title 47, Series 11, Section 2 of the West Virginia Legislative Rules, Environmental Protection, Water Resources - Waste Management, Effective July 1, 1994.

RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Office of Water Resources' Emergency Notification Number, 1-800-642-3074. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Office of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

- (1) Potential toxicity in water to man, animals and aquatic life;
- (2) Details on analytical procedures for the quantitative estimation of such substances in water and
- (3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has gotten into a stream.

Failure to furnish such information as required by Section 14, Article 11, Chapter 22, Code of West Virginia may be punishable under Section 24, Article 11, Chapter 22, and/or Section 22, Article 11, Chapter 22, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND OTHERS:

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person(s) should make the report.

WHO TO CONTACT:

Notify the following number: 1-800-642-3074.

INFORMATION NEEDED:

- | | |
|--|---------------------------------------|
| - Source of spill or discharge | - Personnel at the scene |
| - Location of incident | - Actions initiated |
| - Time of incident | - Shipper/Manufacturer identification |
| - Material spilled or discharged | - Railcar/Truck identification number |
| - Amount spilled or discharged | - Container type |
| - Toxicity of material spilled or discharged | |



U.S. DEPARTMENT OF COMMERCE
Economic Development Administration
The Curtis Center
Suite 140 South
Independence Square West
Philadelphia, Pennsylvania 19106

In reply refer to:
Award No.: 01-01-03520

JUL 27 1977

The Honorable Carl Pinnell
Mayor
Town of Flemington
P.O. Box 56
Flemington, West Virginia 26347

Dear Mayor Pinnell:

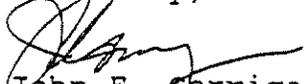
We are pleased to inform you that the Economic Development Administration (EDA) has approved a Financial Assistance Award in an amount not to exceed \$765,000 in response to your application for Federal assistance for construction of a Sewage Treatment System in the Town of Flemington, Taylor County, West Virginia.

The total project cost is \$1,800,000, which includes a Ten (10) percent District bonus, as the Town of Flemington is a member of the Region VI Planning and Development Council. This total cost is based on the line item estimates contained in Attachment No. 1.

Enclosed are two signed copies of the Financial Assistance Award. Your agreement to the terms and conditions of the award should be indicated by the signature of your principal official on both of the signed copies of the Financial Assistance Award. One of the executed copies should be returned within 15 days after receipt to the Director, Philadelphia Regional Office, Economic Development Administration, The Curtis Center, Suite 140 South, Independence Square West, Philadelphia, Pennsylvania 19106.

You are cautioned not to make any commitments in reliance on this award, nor to enter into negotiations relative hereto, until you have carefully reviewed the terms and conditions and have determined that you are in compliance or that you can comply therewith. Any commitments or undertakings entered into prior to obtaining the approval of the Government in accordance with its regulations and requirements will be at your own risk.

Sincerely,


John E. Corrigan
Regional Director



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 26306

GASTON CAPERTON
GOVERNOR

November 18, 1994

The Honorable Dan Carnegie
Mayor
Town of Flemington
Post Office Box 252
Flemington, West Virginia 26347

Dear Mayor Carnegie:

Thank you for your application to the Small Cities Block Grant program for fiscal year 1994.

I am pleased to approve your request in an amount not to exceed \$440,000. These funds will enable you to construct a sewage treatment plant and collection lines for your community. The expenditure of these funds will be subject to review and concurrence by the newly established Infrastructure and Jobs Development Council. Please be advised that cost necessary to obtain concurrence from the Infrastructure and Jobs Development Council after this date will be considered allowable project cost.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this project a reality.

Sincerely,

Gaston Caperton
Governor

GC:bks

(August 1996)

GRANT AGREEMENT

This Grant Agreement entered into between the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Town of Flemington (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 \$106,439 (the "Grant") for the purpose of the acquisition and construction/design/planning of a project for which a preliminary application has been submitted and approved by the Council;

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

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

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.
2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority and the Council.
3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.
4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.
5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

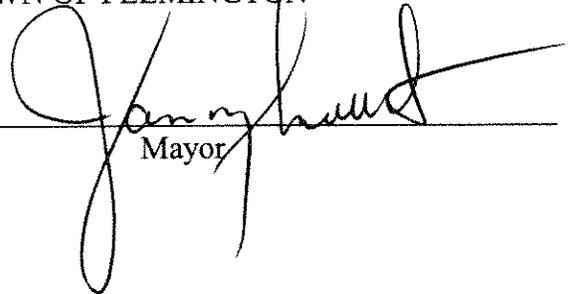
6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

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

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

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

TOWN OF FLEMINGTON

By:  _____
Mayor

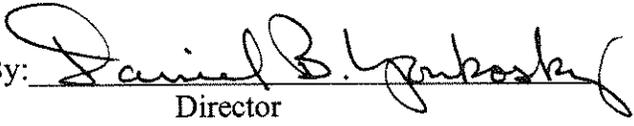
Date: June 4, 1998

SEAL

ATTEST

 _____
Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By:  _____
Director

Date: June 4, 1998

SEAL

ATTEST

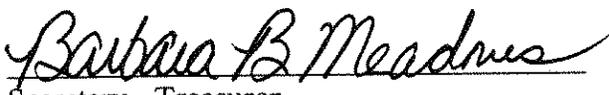
 _____
Secretary - Treasurer

EXHIBIT A

The project consists of the construction of a new 40,000 GPD wastewater treatment facility consisting of a 40,000 GPD precast concrete extended aeration package treatment plant with flow equalization bar screen, aeration, clarifiers, sludge holding tank, chlorination, office/shop building, 50 KW stationary generator with automatic transfer switch and site grading, and a new sanitary sewer collection system consisting of approximately 4,555 LF of 4", 5,467 LF of 6", and 20,014 LF of 8" gravity collection, approximately 275 LF of 1 ½" and 3,000 LF of 3" pressure force mains, 110 sanitary manholes, 42 sanitary sewer clean-outs, 2 duplex grinder pump stations, 1 simplex grinder pump station and other miscellaneous appurtenances all in and around the Town of Flemington, West Virginia. The total cost of the project is \$2,135,139.