

TOWN OF MASONTOWN

**Sewer Revenue Bonds, Series 2001 A
(United States Department of Agriculture)
and Sewer Revenue Bonds, Series 2001 B
(West Virginia Infrastructure Fund)**

Date of Closing: August 22, 2001

BOND TRANSCRIPT

STEPTOE & JOHNSON

Vincent A. Collins, Esquire
3rd and Main Street
Bank One Center, Sixth Floor
Clarksburg, WV 26302
(304)624-8161
collinva@stepToe-johnson.com

John C. Stump, Esquire
707 Virginia Street, East
Bank One Center, Seventh Floor
Charleston, WV 25326
(304)353-8196
stumpjc@stepToe-johnson.com

TOWN OF MASONTOWN

**Sewer Revenue Bonds,
Series 2001 A (United States Department of Agriculture)
and Series 2001 B (West Virginia Infrastructure Fund)**

BOND TRANSCRIPT

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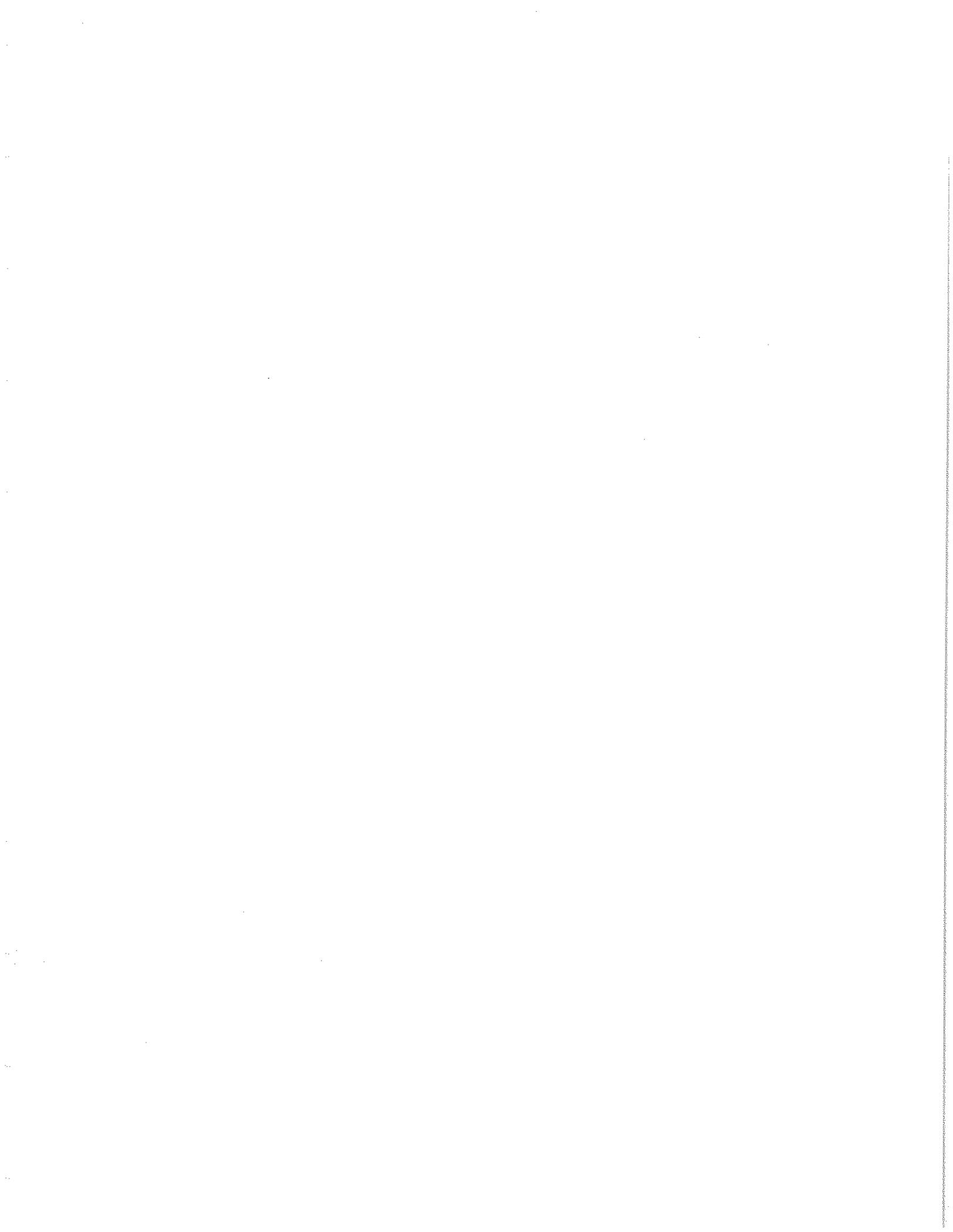
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TOWN OF MASONTOWN

**SEWER REVENUE BONDS,
SERIES 2001 A
(UNITED STATES DEPARTMENT OF AGRICULTURE),
AND SERIES 2001 B
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND ORDINANCE

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TOWN OF MASONTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW SEWERAGE SYSTEM OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 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 Masontown (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State.

B. The Issuer does not presently own or operate a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed a public sewerage system of the Issuer, consisting of improvements to its wastewater collection system and construction of a wastewater treatment plant, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection and/or treatment, purification and disposal of liquid and solid waste, sewage, night soil and industrial waste (the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer presently shares with the Town of Reedsville outstanding obligations of Valley Sanitary District, which are held by the West Virginia Water Development Authority (the "Authority"), being the STEP I Loan dated December 24, 1975, in the original aggregate principal amount of \$12,000 (the "STEP I Loan"), and the STEP II Loan dated March 6, 1980, in the original aggregate principal amount of \$105,829 (the "STEP II Loan"). The Issuer's portion of the STEP I Loan is equal to a principal amount of \$9,000, with a service charge in the amount of \$90, and the Issuer's portion of the STEP II Loan is equal to a principal amount of \$79,372, with a service charge in the amount of \$793.72, for a total of \$89,255.72.

The Issuer hereby determines and affirms that it is in the best interest of the public and necessary for the completion of the Project that its portion of the STEP I Loan and STEP II Loan and the service charges due thereon, be paid upon issuance of the Series 2001 Bonds from the proceeds thereof and hereby authorizes any and all actions necessary to accomplish such payment.

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

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$3,000,000 in two series, being the Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture), in the aggregate principal amount of not more than \$1,000,000 (the "Series 2001 A Bonds"), and the Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$2,000,000 (the "Series 2001 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project (collectively, the "Series 2001 Bonds"). The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor;

interest upon the Series 2001 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter defined); amounts necessary to pay the Issuer's portion of the outstanding principal of and administrative fees for the STEP I Loan and the STEP II Loan; 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 (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 2001 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 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 2001 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and its Series 2001 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

H. There are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Series 2001 A Bonds and the Series 2001 B Bonds shall be issued on a parity with each other, with respect to liens, pledge and source of and security for payment.

I. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges, repayment of the Issuer's portion of the STEP I Loan and the STEP II Loan, and the issuance of the Series 2001 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of 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 2001 Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Council has approved the Project and has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

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 2001 Bonds for the purposes set forth herein.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 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 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 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 2001 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2001 A Bonds, the Series 2001 B Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2001 A Bonds for all or a portion of the proceeds of the Series 2001 A Bonds from the Purchaser and the Series 2001 B Bonds for all or a portion of the proceeds of the Series 2001 B Bonds from the Authority and the Council.

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

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

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

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

"Council" means the 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.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"Depreciation Account" means the Depreciation Account established by Section 5.01 hereof.

"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 or any other governing body of the Issuer that succeeds to the functions of the council as presently 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, collectively, all grant moneys received by the Issuer for the Project.

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

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated December 11, 1997, Amendment No. 1 to Letter of Conditions dated June 24, 1999, Amendment No. 2 to Letter of Conditions dated February 14, 2000, and all other amendments thereto, providing for the purchase of the Series 2001 A Bonds from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2001 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2001 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2001 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled 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; and (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 such other entity or authority as may be designated as a Paying Agent for the Series 2001 B Bonds by the Issuer in the Supplemental Resolution.

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

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2001 A Bonds.

"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 2001 Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

"Sanitary Board" means the Sanitary Board of the Issuer.

"Series 2001 Bonds" means, collectively, the Series 2001 A Bonds and the Series 2001 B Bonds.

"Series 2001 A Bonds" means the Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture), of the Issuer, authorized by this Ordinance.

"Series 2001 A Bonds Construction Trust Fund" means the Series 2001 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2001 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 2001 A Bonds in the then current or any succeeding year.

"Series 2001 B Bonds" means the Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2001 B Bonds Construction Trust Fund" means the Series 2001 B Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2001 B Bonds Reserve Account" means the Series 2001 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2001 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 2001 B Bonds in the then current or any succeeding year.

"Series 2001 B Bonds Sinking Fund" means the Series 2001 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2001 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2001 Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete new sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever, both within and without the Issuer.

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

"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.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$6,876,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the 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, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the Council.

The cost of the Project is estimated not to exceed \$6,876,000, of which approximately \$1,000,000 will be obtained from proceeds of the Series 2001 A Bonds, approximately \$2,000,000 will be obtained from proceeds of the Series 2001 B Bonds, approximately \$1,746,000 will be obtained from proceeds of grants from the Purchaser, approximately \$500,000 will be obtained from proceeds of a grant from the Council, approximately \$1,250,000 will be obtained from proceeds of a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and approximately \$380,000 will be obtained from tap fees collected by the Town of Reedsville.

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 2001 Bonds, funding reserve accounts for the Series 2001 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2001 A Bonds and the Series 2001 B Bonds of the Issuer. The Series 2001 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2001 A (United States Department of Agriculture)", in the principal amount of not more than \$1,000,000; and the Series 2001 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2001 B (West Virginia Infrastructure Fund)", in the principal amount of not more than \$2,000,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2001 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2001 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2001 A Bond.

B. The Series 2001 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2001 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2001 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser,

with a record of advances attached representing the aggregate principal amount of the Series 2001 A Bonds. The Series 2001 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 B Bonds, all as provided in the Supplemental Resolution. The Series 2001 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2001 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 2001 Bonds shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 2001 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2001 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2001 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2001 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2001 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and

information as may be required by law. The Series 2001 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2001 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 2001 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2001 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2001 B Bonds shall be conclusive evidence that such Series 2001 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2001 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2001 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 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 2001 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 2001 Bonds remain outstanding, the Bond Registrar for the Series 2001 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered 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 Bonds or transferring the registered Bonds are exercised, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 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 2001 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 2001 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from 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 2001 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. A. With respect to the Series 2001 A Bonds, the Mayor is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery of the Series 2001 B Bonds.

B. The Issuer shall execute and deliver the Series 2001 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2001 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 B Bonds to the original purchasers;

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

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

(5) The unqualified approving opinion of bond counsel on the Series 2001 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2001 A Bonds and the Series 2001 B Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2001 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MASONTOWN
SEWER REVENUE BOND, SERIES 2001 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

Date: _____

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

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on _____, 20____, and a Supplemental Resolution of the Borrower duly adopted on _____, 20____, authorizing issuance of this Bond (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 20____, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$_____.

IN WITNESS WHEREOF, the TOWN OF MASONTOWN has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the date hereinabove written.

TOWN OF MASONTOWN

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor

(Title of Executive Official)

Post Office Box 340

(P.O. Box No. or Street Address)

Masontown, West Virginia 26542

(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Recorder

(Title of Attesting Official)

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____
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 Borrower with full power of substitution in the
premises.

Dated: _____, _____.

In presence of:

(FORM OF SERIES 2001 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MASONTOWN
SEWER REVENUE BOND, SERIES 2001 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MASONTOWN, a municipal corporation and political subdivision of the State of West Virginia in Preston 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, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear 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 _____, 20____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public sewerage system of the Issuer (the "Project"); (ii) to pay the Issuer's portion of the STEP I Loan and STEP II Loan of Valley Sanitary District; and (iii) 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"), a Bond Ordinance duly enacted by the Issuer on _____, 20____, and a Supplemental Resolution duly adopted by the Issuer on _____, 20____ (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 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 20____, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2001 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 2001 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 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 2001 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 on a parity with the Bonds, including the Series 2001 A Bonds; provided however, that so long as there exists in the Series 2001 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 on a parity with the Bonds, including the Series 2001 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the 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 MASONTOWN 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 _____, 20____.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: _____, 20 ____.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Authorized Officer

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. A. The Series 2001 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2001 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

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

- (1) Revenue Fund;
- (2) Depreciation Account;
- (3) Renewal and Replacement Fund;
- (4) Series 2001 A Bonds Construction Trust Fund; and
- (5) Series 2001 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 and the Issuer and from each other:

- (1) Series 2001 A Bonds Reserve Account;
- (2) Series 2001 B Bonds Sinking Fund; and
- (3) Series 2001 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross

Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and 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 remit to the National Finance Office the amount required to pay interest on the Series 2001 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2001 A Bonds, the amount required to amortize the principal of the Series 2001 A Bonds over the life of the bond issue; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2001 B Bonds, for deposit in the Series 2001 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 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 2001 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment 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.

(4) The Issuer shall next, on the first day of each month, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineer, if not fully funded upon the issuance of the Series 2001 Bonds, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 2001 A Bonds Reserve Account, an amount equal to 0.4167% of the Series 2001 A Bonds Reserve Requirement, until the amount in the Series 2001 A Bonds Reserve Account equals the Series 2001 A Bonds Reserve Requirement; provided that no further payments shall be made into the Series 2001 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 2001 A Bonds Reserve Requirement; and (ii) for deposit in the Series 2001 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 B Bonds Reserve Requirement, until the amount in the Series 2001 B Bonds Reserve Account equals the Series 2001 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2001 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 2001 B Bonds Reserve Requirement. In the event revenues are insufficient to maintain the Series 2001 A Bonds Reserve Requirement in the Series 2001 A Bonds Reserve Account in accordance with Section 5.03A(4)(i), or a withdrawal of funds from the Series 2001 A Bonds Reserve Account is made, payment of revenues to the Depreciation Account as provided in Section 5.03A(5) below shall not be made, but instead such payments shall be made to the Series 2001 A Bonds Reserve Account until the Series 2001 A

Bonds Reserve Requirement is accumulated therein, at which time payments to the Depreciation Account as provided in Section 5.03A(5) below shall resume.

(5) The Issuer shall next, on the first day of each month, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Account, an amount equal to 0.4167% of the Series 2001 A Bonds Reserve Requirement until the amount in the Series 2001 A Bonds Reserve Account equals the Series 2001 A Bonds Reserve Requirement and thereafter, an amount equal to 0.8334% of the Series 2001 A Bonds Reserve Requirement, so long as the Series 2001 A Bonds are outstanding; provided, however, that in the event revenues are insufficient to maintain the Series 2001 A Bonds Reserve Requirement in the Series 2001 A Bonds Reserve Account in accordance with Section 5.03A(4)(i) above, or a withdrawal of funds from the Series 2001 A Bonds Reserve Account is made, payment of revenues into the Depreciation Account as provided in this Section 5.03A(5) shall not be made, but instead such payments shall be made to the Series 2001 A Bonds Reserve Account until the Series 2001 A Bonds Reserve Requirement is accumulated therein, at which time payments to the Depreciation Account as provided in this Section 5.03A(5) shall resume. All funds in the Depreciation Account shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Account for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 2001 A Bonds Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Account.

(6) The Issuer shall next, on the first day of each month, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in the Series 2001 B Bonds Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof)

shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Moneys in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2001 A Bonds as the same shall come due, when other moneys are insufficient therefor, and for no other purpose. Whenever the moneys in the Series 2001 A Bonds Reserve Account shall be sufficient to prepay the Series 2001 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2001 A Bonds accrued interest thereon to such prepayment date.

Moneys in the Series 2001 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2001 B Bonds as the same shall become due. Moneys in the Series 2001 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2001 B Bonds as the same shall come due, when other moneys in the Series 2001 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the moneys in the Series 2001 B Bonds Reserve Account shall be sufficient to prepay the Series 2001 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2001 B Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on moneys in the Series 2001 A Bonds Reserve Account (if fully funded), the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bonds 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 2001 A Bonds and the Series 2001 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2001 A Bonds Reserve Account or the Series 2001 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2001 A Bonds Reserve Requirement or the Series 2001 B Bonds Reserve Requirement, respectively, 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 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2001 A Bonds Reserve Account or the Series 2001 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective 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 for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2001 A Bonds and the Series 2001 B Bonds in accordance with the respective principal amounts then Outstanding.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser, the Authority or the Council at any time, the Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 A Bonds and the Series 2001 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) remit to the Purchaser and the Commission, as applicable, the required principal, interest and reserve account payments with

respect to the Series 2001 Bonds and all such payments shall be remitted to the Purchaser and the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by either the Authority or the Council at any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any fund or account 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. All remittances made by the Issuer to the Commission or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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 2001 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the Series 2001 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2001 A Bonds Reserve Account.

B. From the proceeds of the Series 2001 B Bonds, there shall be deposited with the Commission in the Series 2001 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2001 B Bonds Reserve Account.

C. Next, from the proceeds of the Series 2001 A Bonds, there shall be paid to the Authority a portion of the Issuer's portion of the principal of and service charge on the STEP I and STEP II Loans of Valley Sanitary District.

D. Next, from the proceeds of the Series 2001 B Bonds, there shall be paid to the Authority the balance of the Issuer's portion of the principal of and service charge on the STEP I and STEP II Loans of Valley Sanitary District to pay such loans in full.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2001 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2001 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 2001 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2001 B Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. Moneys in the Series 2001 A Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2001 A Bonds Construction Trust Fund and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2001 A Bonds Bonds if there are not sufficient Net Revenues to make such monthly payment.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2001 A Bonds Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

B. To make disbursements from the Series 2001 B Bonds Construction Trust Fund, the Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the Series 2001 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 B Bonds Construction Trust Fund shall be made only after submission to the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

- (i) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (ii) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (iii) Each of such costs has been otherwise properly incurred; and
- (iv) Payment for each of the items proposed is then due and owing.

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 2001 B Bonds shall be used as directed in writing by the Council and the Authority.

The Issuer shall expend all proceeds of the Series 2001 B Bonds within 3 years of the date of the issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, 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 2001 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 2001 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 2001 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 2001 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2001 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on January 13, 2000, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2001 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the

schedule of rates and charges initially established for the System in connection with the Series 2001 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2001 Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2001 B Bonds, immediately be remitted to the Commission for deposit in the Series 2001 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the Council, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2001 Bonds. Any balance remaining after the payment of all the Series 2001 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts 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, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders 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 Bonds. All obligations issued by the Issuer after the issuance of the 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 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

The Issuer shall give the Purchaser, the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the System, 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 2001 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 Bonds, and must have the prior written consent of the Purchaser, the Authority and the Council.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the 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 to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any improvements to be financed by such additional 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 date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to issuance of such Parity Bonds.

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

and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2001 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 Bonds.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public

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

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

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2001 Bonds and shall submit said report to the Purchaser, the Authority and the Council, or any other original purchaser of the Series 2001 Bonds. Such audit report submitted to the Purchaser, the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2001 Bonds, equitable rates or charges for the use of and service rendered by the System shall be 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 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2001 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 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser, the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased

expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Purchaser, the Authority and the Council, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the Council, the Authority and any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 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 and the Council by the 10th day of each month.

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

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

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

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit

to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

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

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

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

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

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

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

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

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

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

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

other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

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

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and 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. The Issuer shall provide the Council with copies of all documents submitted to the Purchaser and the Authority.

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 2001 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 2001 Bonds during the term thereof is, under the terms of the Series 2001 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 2001 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 2001 Bonds during the term thereof is, under the terms of the Series 2001 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 2001 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 2001 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2001 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** To the extent legally required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2001 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2001 Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2001 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Purchaser and the Council for written approval. The Issuer shall obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2001 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2001 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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 on the Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2001 Bonds as a condition to issuance of the Series 2001 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2001 Bonds as may be necessary in order to maintain the status of the Series 2001 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of

the Series 2001 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2001 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2001 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2001 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2001 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2001 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2001 Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2001 Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2001 A Bonds and the Series 2001 B Bonds shall be on a parity with each other.

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 the 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 2001 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2001 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 2001 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2001 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2001 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the 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 2001 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2001 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 2001 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; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47).

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this 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 the 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 Preston County Journal, a newspaper of general circulation in the Town of Masontown, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the 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: - June 28, 2001

Passed on Second Reading: - July 11, 2001

Passed on Final Reading
Following Public
Hearing: - July 30, 2001



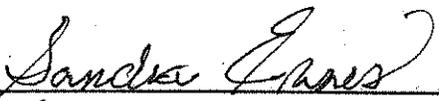
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN
OF MASON TOWN on the 30th day of July, 2001.

Dated: August 22, 2001.

[SEAL]



Recorder

07/30/01
561890/98001



TOWN OF MASONTOWN

Sewer Revenue Bonds,
Series 2001 A (United States Department of Agriculture) and
Series 2001 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF MASONTOWN; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2001 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2001 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2001 B 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 Masontown (the "Issuer") has duly and officially adopted a bond resolution, effective July 30, 2001 (the "Bond Ordinance" or the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW SEWERAGE SYSTEM OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT

MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture) and Series 2001 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2001 A Bonds" and the "Series 2001 B Bonds"), in the respective aggregate principal amounts not to exceed \$1,000,000 and \$2,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2001 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13, 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 amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 2001 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the

Series 2001 B 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 approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

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. Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of \$850,000. The Series 2001 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.875% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2001 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$4,106 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 2001 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2001 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2001 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,500,000. The Series 2001 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2041, and shall bear no interest. The principal of the Series 2001 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, and maturing June 1, 2041, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2001 B Bonds. The Series 2001 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 2001 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, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2001 A Bonds and the Series 2001 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2001 B 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 Series 2001 B Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate WesBanco Bank, Masontown, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2001 A Bonds proceeds in the amount of \$32,255 shall be remitted to the Authority to pay a portion of the outstanding principal of and service charge on the Step I and Step II Loans of Valley Sanitary District.

Section 8. All proceeds of the Series 2001 A Bonds shall be deposited in or credited to the Series 2001 A Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2001 A Bonds.

Section 9. Series 2001 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2001 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2001 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2001 B Bonds Reserve Account.

Section 11. Series 2001 B Bonds proceeds in the amount of \$57,000 shall be remitted to the Authority to pay the balance of the outstanding principal of and service charge on the Step I and Step II Loans of Valley Sanitary District.

Section 12. The balance of the proceeds of the Series 2001 B Bonds shall be deposited in or credited to the Series 2001 B Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 13. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2001 A Bonds may be delivered on or about August 22, 2001, to the Purchaser pursuant to the Letter of Conditions, and the Series 2001 B Bonds may be delivered on or about August 22, 2001, to the Authority pursuant to the Loan Agreement.

Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, 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 Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer shall not permit at any time or times any of the proceeds of the Series 2001 B Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2001 B Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2001 B Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 17. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 30th day of July, 2001.

TOWN OF MASONTOWN



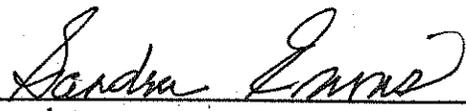
Mayor

CERTIFICATION

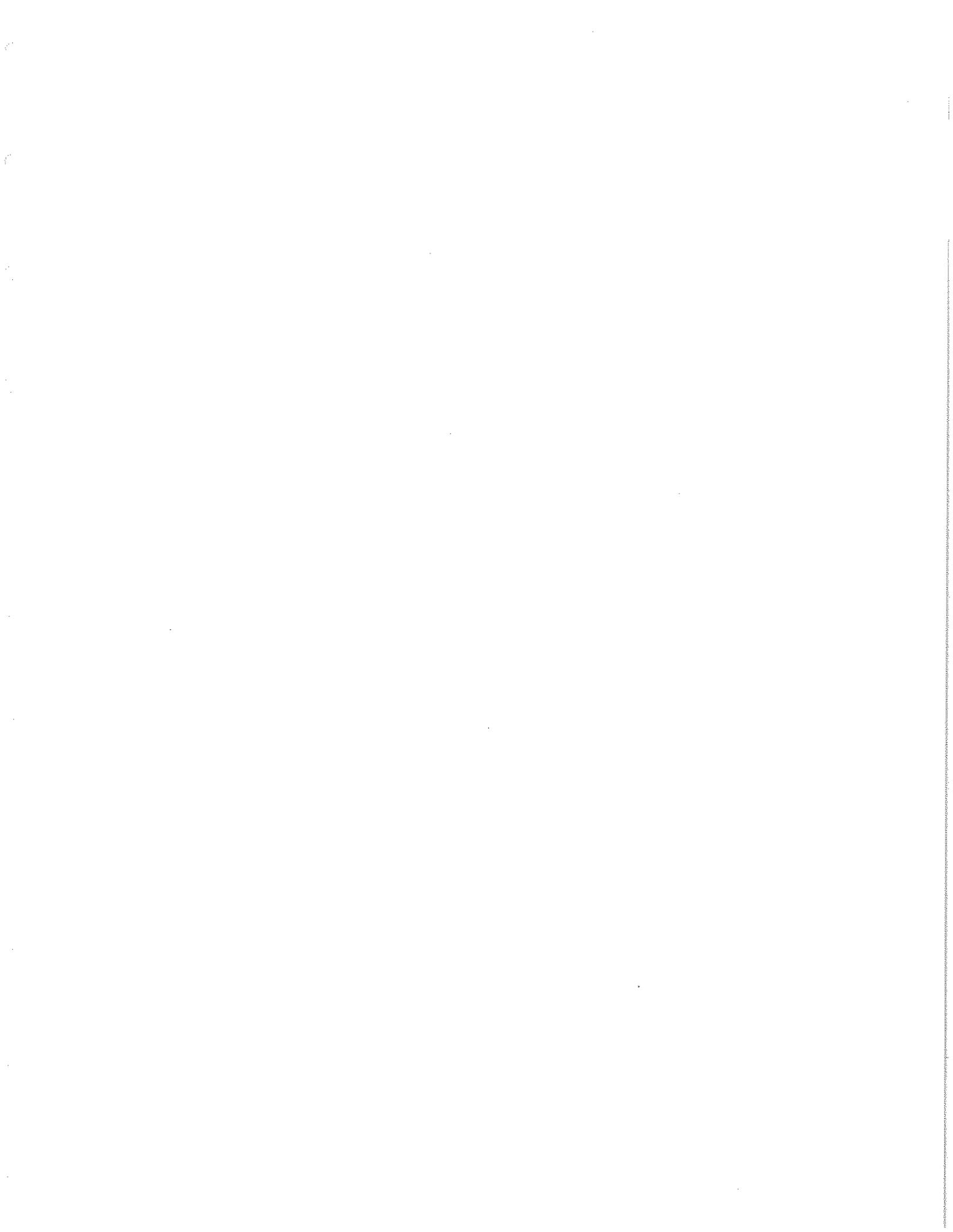
Certified a true copy of a Supplemental Resolution duly adopted by the Town of Masontown on this 30th day of July, 2001.

Dated: August 22, 2001.

[SEAL]


Recorder

08/06/01
561890/98001





RURAL
UTILITIES
SERVICE

Bond Counsel

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Tel: (304) 291-4796
Fax: (304) 291-4159

United States
Department of
Agriculture

Rural Development

December 11, 1997

The Honorable Lydia Main
Mayor, Town of Masontown
P.O. Box 340
Masontown, WV 26542

Dear Mayor Main:

This letter, with Attachments 1 through 11 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by the Rural Utilities Service (RUS) by written amendment to this letter. Any changes not approved by RUS shall be cause for discontinuing processing of the application.

The Rural Utilities Service Water and Waste Disposal Loan and Grant Program is administered by USDA - Rural Development, formerly known as the Farmers Home Administration.

This letter is not to be considered as loan and grant approval or as representation to the availability of funds. The docket may be completed on the basis of an RUS loan in the amount of \$850,000, an RUS grant in the amount of \$1,000,000, and other funding in the amount of \$3,250,000, for a total project cost of \$5,100,000. The other funding is planned in the form of a \$1,500,000 loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC), a \$500,000 grant from the WVIJDC, and a \$1,250,000 grant from HUD's Small Cities Block grant program.

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

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

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for the Town of Masontown (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
- Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - Town of Masontown Sewer Users Agreement (Applicant and Attorney Copies)
- Attachment No. 10 - Declination Statement (Applicant and Attorney Copies)
- Attachment No. 11 - Various other RD Forms as identified on Attachment No. 2

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

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.875% interest rate and a monthly amortization factor of .00483, which provides for a monthly payment of \$4,106.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account in an amount equal to at least 1/10th of your monthly debt service payment.

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

2. Security - The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and Form RD 1942-47 which are mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 546 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 216 signed users agreements and a certification from you that identifies and attests to the number of users actually connected to and using the Town's existing sewer system, which is to be totally replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

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

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service.

Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the sewer service of the existing system (paying monthly bills), (2) signed users agreements, (3) signed service declination statements, (4) records evidencing users contributions having been paid, (5) a map locating each potential users property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

The RUS loan and grant commitment is based on the Town providing service to five (5) large volume users. Evidence must be provided to show those users will actually be connected to the system when it is completed and that the monthly water usage projected for each by the engineer is reasonable. In the event any of those users refuse the offered service, the Town must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction

in project scope to reduce debt service and O&M , etc.) to make up the projected income that would be lost by not having those users on the system.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. For your convenience, Form RD 1942-19, "Agreement for Engineering Services," or EJCDC No. 1910-1, "Standard Form of Agreement between Owner and Engineer for Professional Services" may be used to obtain the services of an engineer and are enclosed for your use.
6. Legal Services - You must obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - You must obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

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

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements for your Town. The attached booklet, "Government Auditing Standards (Revised 1994)" (Attachment No. 8) outlines audit requirements. You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
- a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the Town already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
 - e. On the day of loan closing, the Town's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the Town has already acquired real property(s) (land or facilities), the Town's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health
 - Department of Environmental Protection
 - Public Land Corporation

10. Public Service Commission Approvals and Rates - You must determine that the Certificate of Convenience and Necessity which you now have from the Public Service Commission of West Virginia is adequate to cover the entire area to be served by the proposed system. If it is not adequate, a new certificate must be obtained and a copy provided for RUS. If it is determined the Town's present certificate is adequate, the Town must properly develop, adopt, and promulgate the required rates in accordance with the applicable provisions of Article I, Chapter 24 of the Code of West Virginia, as amended, and to the satisfaction of your bond counsel. The rate ordinance as adopted must include, as a minimum, all the rate related items (everything except project costs section, the use analysis section, and the operation and maintenance expense breakdown section) contained in the attached project construction budget (Attachment No. 1). The draft rate ordinance must be provided for RUS review and concurrence prior to its adoption.

11. Insurance and Bonding Requirements -

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

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).
- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or

mudslide prone areas will not receive financial assistance where flood insurance is not available.

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

12. Contract Documents, Final Plans and Specifications -

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

- (1) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9 (Attachment No. 6) or other agreement approved by RUS.
- (2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.

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

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the Town and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workers' Compensation - In accordance with applicable State laws.

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

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

13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of

the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review.

14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your Town, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The Town must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.
15. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.
16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
 - Form RD 442-7 - "Operating Budget"
 - Form RD 1940-1 - "Request for Obligation of Funds"
 - RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 - Form RD 1942-47 - "Loan Resolution (Public Bodies)"
 - Form RD 400-1 - "Equal Opportunity Agreement"
 - Form RD 400-4 - "Assurance Agreement"
 - Form AD 1047 - "Certification Regarding Debarment - Primary"
 - Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 - Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
 - FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 - Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
17. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

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

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

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

In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of water and waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

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

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

Sincerely yours,



BOBBY LEWIS
State Director
Rural Development

Enclosures

cc: Administrator, RUS
ATTN: Water and
Environmental Programs
Washington, DC

Rural Development Specialist
Elkins, WV

Accountant

Attorney

Bond Counsel

Cerrone and Associates, Inc.
Consulting Engineers
Wheeling, WV

Attachment No. 1 to Letter of Conditions

Project Construction Budget

<u>Project Costs</u>	<u>SCB Grant</u>	<u>WVIJDC Grant</u>	<u>WVIJDC Loan</u>	<u>RUS Grant</u>	<u>RUS Loan</u>	<u>Total</u>
Administration	\$ 17,000					\$ 17,000
Construction	1,233,000	\$304,000	\$1,218,000	\$609,000	\$636,000	4,000,000
Construction Contg.		112,000		228,000		340,000
Land and Rights		3,000	13,000	7,000	7,000	30,000
Legal Fees		2,000	9,000	4,000	5,000	20,000
Engineering Fees		47,000	196,000	90,260	86,740	420,000
Basic \$200,000						
Insp. 180,000						
Spec. 40,000						
Bond Counsel Fees		2,000		3,000	3,000	15,000
Interest			7,000		80,000	80,000
Project Contg.		30,000		58,740		88,740
WDA Repayment			57,000		32,260	89,260
TOTALS	\$1,250,000	\$500,000	\$1,500,000	\$1,000,000	\$850,000	\$5,100,000

5

Rates

Available for general domestic,
commercial and industrial service.

Minimum Charge

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

First 3,000 gals. @ \$21.00 per M gals.
Next 4,000 gals. @ \$ 5.60 per M gals.
Next 8,000 gals. @ \$ 4.71 per M gals.
Next 10,000 gals. @ \$ 4.13 per M gals.
Next 25,000 gals. @ \$ 3.38 per M gals.
Over 50,000 gals. @ \$ 2.68 per M gals.

5/8" x 3/4" meter - \$ 21.00 per month
3/4" meter - \$ 31.50 per month
1" meter - \$ 52.50 per month
1 1/2" meter - \$ 105.00 per month
2" meter - \$ 168.00 per month
3" meter - \$ 315.00 per month
4" meter - \$ 525.00 per month
6" meter - \$1,050.00 per month
8" meter - \$1,680.00 per month

Minimum Monthly Bill - \$21.00 for 3,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

\$20.00

Use and Income Analysis

254 users @ 3,000 gallons @ \$ 21.00 per user = \$5,334.00 monthly
75 users @ 3,500 gallons @ \$ 23.80 per user = \$1,785.00 monthly
59 users @ 4,500 gallons @ \$ 29.40 per user = \$1,734.60 monthly
51 users @ 5,500 gallons @ \$ 35.00 per user = \$1,785.00 monthly
37 users @ 6,500 gallons @ \$ 40.60 per user = \$1,502.20 monthly
29 users @ 7,500 gallons @ \$ 45.76 per user = \$1,327.04 monthly
17 users @ 8,500 gallons @ \$ 50.47 per user = \$ 857.99 monthly
6 users @ 9,500 gallons @ \$ 55.18 per user = \$ 331.08 monthly
7 users @ 10,500 gallons @ \$ 59.89 per user = \$ 419.23 monthly
2 users @ 11,500 gallons @ \$ 64.60 per user = \$ 129.20 monthly
2 users @ 12,500 gallons @ \$ 69.31 per user = \$ 138.62 monthly
2 users @ 13,500 gallons @ \$ 74.02 per user = \$ 148.04 monthly
1 user @ 20,500 gallons @ \$103.80 per user = \$ 103.80 monthly
1 user @ 24,500 gallons @ \$120.32 per user = \$ 120.32 monthly
1 user @ 39,500 gallons @ \$171.39 per user = \$ 171.39 monthly
1 user @ 40,500 gallons @ \$174.77 per user = \$ 174.77 monthly
1 user @ 59,500 gallons @ \$232.34 per user = \$ 232.34 monthly

546 Total Users

\$16,294.62 Monthly Revenue x 12 = \$195,535.44 Annual Revenue

Budget

Income		\$195,535.44
Expenses		
O & M	\$95,500	
*Debt Service	88,746	
**Reserve	10,849	
		\$195,095.00
Balance and Depreciation		\$ 440.44

Operating and Maintenance Expenses

Salaries & Taxes	\$40,000
Transportation	1,500
Utilities	20,000
Maintenance Materials	15,000
Billing and Collection	7,500
Insurance	2,000
Chemicals and Supplies	5,000
Regulatory Commission Fees	1,250
Miscellaneous	3,250
TOTAL	\$95,500

*Proposed Debt Service - \$88,746

**Proposed Debt Service Reserve - \$10,849

Total Debt Service - \$88,746

Total Debt Service Reserve - \$10,849

RUS - 4.875% for 38 yrs.

 $\$850,000 \times .00483 = \$4,106/\text{mo.} \times 12 = \$49,272/\text{yr.}$

Reserve at 10% of \$49,272 = \$4,927/yr.

WVJDC - 0% for 38 yrs.

 $\$1,500,000 / 38 = \$39,474/\text{yr.}$

Reserve at 15% of \$39,474 = \$5,922/yr.

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

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	App.		Have	3
	Public Notice of Intent to File App. / Environ. Notice	1	1780.19(a) 1940-G	App.		Have	3
	Regional Planning & Development Council Review	2	1780.33(b)	App.		Have	3
	State Clearing-house Review or IJDC Review	2	1780.33(b)	App.		Have	3
	Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Eng.		Have
	Audit for last year of operation	1	1780.33(e)	App./Acct.			1
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	App.			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	App.			5
RD 1940-20	Request for Env. Info/ Attachments	2	1780.33(f)	App./Eng.		Have	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	App.			3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	App.			2
	Env. Assessment for Class II Actions (Exhibit H, 1940-G)	2	1940-G	RUS/Eng.		Have	3
	Site Visit		S.I. 1780-2	RUS		Have	3
	Statement from Historical Preservation Office	2	Exhibit H 1940-G	App.		Have	3
	Comments from Dept. of Commerce, Labor & Environ. Resources (DEP)	2	Exhibit H 1940-G	App.		Have	3
	Comments from U.S. Fish and Wildlife Service (Endangered Species)	2	Exhibit H 1940-G	App.		Have	3
	Farmland Conversion Impact Rating	1	Exhibit H 1940-G	RUS/ NRCS		Have	3
	FONSI / Evidence of Publication	1	Exhibit 1 RD 1940-G News Ad	RUS/App.		Have	3
	Copy of Existing Rate Tariff	2	1780.33	App.		Have	8

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Applicant's IRS Tax Number (TIN)	1	1780.33(g)	App.			3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Review for Outstanding Judgment	1	1780.7(g)	RUS			3
	Processing Conference	1	1780.39(a)	RUS		Have	3
	Staff Engineer PER Review	1	1780.33(c)	RUS			6
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
	Bill Analysis for existing system(s)	2	1780.33(c)	App./Eng.		Have	8
	Projected Bill Analysis for New Users	2	1780.33(c)	App./Eng.		Have	8
	Statement reporting the total number of <u>potential</u> users		1780.33(c)	App./Eng.		Have	8
RD 1942-19 or other approved	Agreement between Owner & Engineer	3	1780.39(b)	App./Eng.			6

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	App./Att.			5
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	App./ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	App./Acct.			5
	Documentation on Service Area	1	1780.11	RUS		Have	3
	Relationships/ Associations with Agency Employees	1	1780.1(f)				3
Auto. Form	Grant Determination	3	1780.35(b)	RUS		Have	2
RD 1942-45	Project Summary	3	1780.41(a)	RUS			1
RD 442-7	Operating Budget	3	1780.33(h)	App.			3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS			2
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS		Have	3
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	App.			3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/App.			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/App.			2
	Evidence of "Other Funds"	1	1780.44(f)	App.			2
	Evidence of Applicant Contribution	1	1780.44(f)	App.			2
Bulletin 1780-12	Sewer Users Agreement or State Health Department Mandatory Hook-Up Commitment Letter	1	1780.39(c)	App.			5
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	App.			5
AD 1048	Certification Regarding Debarment (Contractor)	1 ea.	1780.33(h)	All Appropriate Vendors			5
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	App.		Have	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	App.			Sep. File
	2. List of Signed Users Numbered to Map	1	LOC	App.			5
	3. List of Declination Statement Numbered to Map	1	LOC	App.			5
	4. Evidence of Tap Fees Being Paid	1	LOC	App.			5
	5. Having Users Agreements and Declination Statements Available		LOC	App.			
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	App.			5
	Verification of Users	1	1780.44(b)	RUS			3
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			2
	Right-of-Way Map	1	1780.44(g)	Eng.			Sep. File

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Deeds and/or Options		1780.44(g)	App./Att.			
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	App./Att.			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	App./Att.			5
	Narrative Opinion from Attorney	1	1780.44(g)	Att.			5
	Waiver of Title Defects Letter	1	1780.44 (g)(2)(ii)	RUS			
	Exception for Metering Devices	1	1780.57(m)	App./RUS			
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Att.			5
RD 1942-47	Loan Resolution	1	1780.45 (a)(2)	App.			5
	Copy of PSC Rule 42 Exhibit	1	State	Att./Acct.			3
	Agreement with Accountant	1	1780.39 (b)(2)	App./Acct.			6
Lender Agrmnt/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	App./RUS			1
RD 400-1	Equal Opportunity Agreement	1	1901-E	App.			6

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
RD 400-4	Assurance Agreement	1	1901-E	App.			3
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Sep. File
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
	DOH Permit	1	1780.15(d)	App.			6
	Railroad Permits	1	1780.15(d)	App.			6
	Public Land Corp. Permit	1	1780.15(d)	App.			6
	Contract Documents, Plans and Specifications	2		Eng.			Sep. File
	Dept. of Health Approval	1	1780.15(d)	Eng.			6
	Dept. of Environmental Protection Permit	1		Eng.			6
400-8	Comp. Review	1	1901-H 1901.204	RUS			5
1924-16	Record of PreConstruction Conference	1	1780.76(a)	RUS/Eng.			6
	Bid Tabulation	1	1780.61(b)	Eng.			6
	Resume' of Inspector	1	1780.76(c)	Eng.			6

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Liability Insurance		1780.39(g)	App.			7
	Workers' Compensation Certificate	1	1780.39(g)	App.			7
	Flood Insurance Policy	1	1780.39(g)	App.			7
440-24	Fidelity Bond	1	1780.39(g)	App.			7
	OGC Final Opinion	1	1780.45(g)	RUS			5

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Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 16 U.S.C. 1005.

RUS Instruction 1780

Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants"

§1780.80 General.

This subpart includes information for use by public body applicants in the preparation and issuance of evidence of debt (bonds, notes, or debt instruments, referred to as bonds in this subpart) and other necessary loan documents.

§1780.81 Policies related to use of bond counsel.

The applicant is responsible for preparation of bonds and bond transcript documents. The applicant will obtain the services and opinion of recognized bond counsel experienced in municipal financing with respect to the validity of a bond issue, except for issues of \$100,000 or less. With prior approval of the approval official, the applicant may elect not to use bond counsel. Such issues will be closed in accordance with the following:

- (a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;
- (b) It must be established that not using bond counsel will produce significant savings in total legal costs;
- (c) The local attorney must be able and experienced in handling this type of legal work;
- (d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;
- (e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and
- (f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

- (a) Copies of all organizational documents;
- (b) Copies of general incumbency certificate;
- (c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;
- (d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;
- (e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;
- (f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;
- (g) Specimen bond, with any attached coupons;
- (h) Attorney's no-litigation certificate;
- (i) Certified copies of resolutions or other documents pertaining to the bond award;
- (j) Any additional or supporting documents required by bond counsel;
- (k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;
- (l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

RUS Instruction 1780

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

Agency loans will be evidenced by an instrument determined legally sufficient and in accordance with the following order of preference:

(a) First preference - Form RD 440-22, "Promissory Note". Refer to paragraph (b) of this section for methods of various frequency payment calculations.

(b) Second preference - single instruments with amortized installments. A single instrument providing for amortized installments which follows Form RD 440-22 as closely as possible. The full amount of the loan must show on the face of the instrument, and there must be provisions for entering the date and amount of each advance on the reverse or an attachment. When principal payments are deferred, the instrument will show that "interest only" is due on interest-only installment dates, rather than specific dollar amounts. The payment period including the "interest only" installment cannot exceed 40 years, the useful life of the facility, or State statute limitations, whichever occurs first. The amortized installment, computed as follows, will be shown as due on installment dates thereafter.

(1) Monthly payments. Multiply by twelve the number of years between the due date of the last interest-only installment and the final installment to determine the number of monthly payments. When there are no interest-only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the loan amount by the amortization factor and round to the next higher dollar.

(2) Semiannual payments. Multiply by two the number of years between the due date of the last interest-only installment and the due date of the final installment to determine the correct number of semiannual periods. When there are no interest-only installments, multiply by two the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor.

(3) Annual payments. Subtract the due date of the last interest-only installment from the due date of the final installment to determine the number of annual payments. When there are no interest-only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor and round to the next higher dollar.

(c) Third preference - single instruments with installments of principal plus interest. If a single instrument with amortized installments is not legally permissible, use a single instrument providing for installments of principal plus interest accrued on the principal balance. For bonds with semiannual interest and annual principal, the interest is calculated by multiplying the principal balance times the interest rate and dividing this figure by two. Principal installments are to be scheduled so that total combined interest and principal payments closely approximate amortized payments.

(1) The repayment terms concerning interest only installments described in paragraph (b) of this section apply.

(2) The instrument shall contain in substance provisions indicating:

(i) Principal maturities and due dates;

(ii) Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond; and

(iii) Payments on delinquent accounts will be applied in the following sequence:

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

(d) Fourth preference - serial bonds with installments of principal plus interest. If instruments described under the first, second, and third preferences are not legally permissible, use serial bonds with a bond or bonds delivered in the amount of each advance. Bonds will be numbered consecutively and delivered in chronological order. Such bonds will conform to the minimum requirements of §1780.94. Provisions for application of payments will be the same as those set forth in paragraph (c)(2)(ii) of this section.

(e) Coupon bonds. Coupon bonds will not be used unless required by State statute. Such bonds will conform to the minimum requirements of §1780.94.

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

Where interim financing from commercial sources is not used, Agency loan proceeds will be disbursed on an "as needed by borrower" basis in amounts not to exceed the amount needed during 30-day periods.

RUS Instruction 1780

§1780.90 Multiple advances of Agency funds using temporary debt instruments.

When none of the instruments described in §1780.87 are legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower. The approved debt instrument will show at least the following:

- (a) The date from which each advance will bear interest;
- (b) The interest rate as determined by §1780.13;
- (c) A payment schedule providing for interest on outstanding principal at least annually; and
- (d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

The provisions of this section are minimum specifications only and must be followed to the extent legally permissible.

- (a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than \$1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.
- (b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

(c) Size and quality. Size of bonds and coupons should conform to standard practice. Paper must be of sufficient quality to prevent deterioration through ordinary handling over the life of the loan.

(d) Date of bond. Bonds will normally be dated as of the day of delivery. However, the borrower may use another date if approved by the Agency. Loan closing is the date of delivery of the bonds or the date of delivery of the first bond when utilizing serial bonds, regardless of the date of delivery of the funds. The date of delivery will be stated in the bond if different from the date of the bond. In all cases, interest will accrue from the date of delivery of the funds.

(e) Payment date. Loan payments will be scheduled to coincide with income availability and be in accordance with State law.

(1) If income is available monthly, monthly payments are recommended unless precluded by State law. If income is available quarterly or otherwise more frequently than annually, payments must be scheduled on such basis. However, if State law only permits principal plus interest (P&I) type bonds, annual or semiannual payments will be used.

(2) The payment schedule will be enumerated in the evidence of debt, or if that is not feasible, in a supplemental agreement.

(3) If feasible, the first payment will be scheduled one full month, or other period, as appropriate, from the date of loan closing or any deferment period. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided. When principal payments are deferred, interest-only payments will be scheduled at least annually.

(f) Extra payments. Extra payments are derived from the sale of basic chattel or real estate security, refund of unused loan funds, cash proceeds of property insurance and similar actions which reduce the value of basic security. At the option of the borrower, regular facility revenue may also be used as extra payments when regular payments are current. Unless otherwise established in the note or bond, extra payments will be applied as follows:

(1) For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.

(2) For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.

(3) For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments was obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.

(4) For assessment bonds, see paragraph (k) of this section.

(g) The place of payments on bonds purchased by the Agency will be determined by the Agency.

(h) Redemptions. Bonds will normally contain customary redemption provisions. However, no premium will be charged for early redemption on any bonds held by the Government.

(i) Additional revenue bonds. Parity bonds may be issued to complete the project. Otherwise, parity bonds may not be issued unless acceptable documentation is provided establishing that net revenues for the fiscal year following the year in which such bonds are to be issued will be at least 120 percent of the average annual debt serviced requirements on all bonds outstanding, including the newly-issued bonds. For purposes of this section, net revenues are, unless otherwise defined by State statute, gross revenues less essential operation and maintenance expenses. This limitation may be waived or modified by the written consent of bondholders representing 75 percent of the then-outstanding principal indebtedness. Junior and subordinate bonds may be issued in accordance with the loan resolution.

(j) Precautions. The following types of provisions in debt instruments should be avoided:

(1) Provisions for the holder to manually post each payment to the instrument.

(2) Provisions for returning the permanent or temporary debt instrument to the borrower in order that it, rather than the Agency, may post the date and amount of each advance or repayment on the instrument.

(3) Provisions that amend covenants contained in Forms RD 1942-47 or RD 1942-9.

(4) Defeasance provisions in loan or bond resolutions. When a bond issue is defeased, a new issue is sold which supersedes the contractual provisions of the prior issue, including the refinancing requirement and any lien on revenues. Since defeasance in effect precludes the Agency from requiring refinancing before the final maturity date, it represents a violation of the statutory refinancing requirement; therefore, it is disallowed. No loan documents shall include a provision of defeasance.

(k) Assessment bonds. When security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.

(l) Multiple debt instruments. The following will be adhered to when preparing debt instruments:

(1) When more than one loan type is used in financing a project, each type of loan will be evidenced by a separate debt instrument or series of debt instruments;

(2) Loans obligated in different fiscal years and those obligated with different terms in the same fiscal year will be evidenced by separate debt instruments;

(3) Loans obligated for the same loan type in the same fiscal year with the same term may be combined in the same debt instrument;

(4) Loans obligated in the same fiscal year with different interest rates that will be closed at the same interest rate may be combined in the same debt instrument.

§1780.95 Public bidding on bonds.

Bonds offered for public sale shall be offered in accordance with State law and in such a manner to encourage public bidding. The Agency will not submit a bid at the advertised sale unless required by State law, nor will reference to Agency's rates and terms be included. If no acceptable bid is received, the Agency will negotiate the purchase of the bonds.

§§1780.96 - 1780.100 [Reserved]



United States
Department of
Agriculture

Rural Development

Bond Counsel

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 291-4796
Fax: (304) 291-4159
TTY/TDD: (304) 284-5941

June 24, 1999

The Honorable Lydia Main
Mayor, Town of Masontown
P.O. Box 340
Masontown, WV 26542

COPY

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Main:

This letter, with Attachment No. 1 amends the letter of conditions dated December 11, 1997 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$850,000, an initial RUS grant in the amount of \$1,000,000, [a subsequent RUS grant in the amount of \$350,000, and other funding in the amount of \$3,400,000 for a total project cost of \$5,600,000. The other funding is planned in the form of a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of \$1,500,000, a grant from the WVIJDC in the amount of \$500,000, a HUD Small Cities Block Grant in the amount of \$1,250,000, and a Tap Fee from the Town of Reedsville in the amount of \$150,000.

Subject to the requirements noted herein, all of the conditions of the December 11, 1997 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

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

Enclosed are the following:

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

The conditions referred to above are as follows:

1. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
2. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
Form RD 442-7 - "Initial Operating Budget"
Form RD 1940-1 - "Request for Obligation of Funds"
Form RD 1942-46 - "Letter of Intent to Meet Conditions"

Attached is a copy of RUS Bulletin 1780-12, "Water or Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

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

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

Sincerely,



BOBBY LEWIS
State Director

Enclosures

cc: Administrator, RUS
ATTN: Water and Environmental Programs
Washington, DC

RUS Rural Development Specialist
Elkins, WV

Sheila Kae Williams
Attorney at Law
Kingwood, WV

Step toe and Johnson
Attorneys at Law
Clarksburg, WV

Cerrone and Associates, Inc.
Consulting Engineers
Wheeling, WV

Susan J. Riggs
Executive Secretary
West Virginia Infrastructure and
Jobs Development Council
Charleston, WV

Attachment No. 1 to Amended Letter of Conditions
 For: Town of Masontown
 Date: June 24, 1999

Project Construction Budget

Project Cost	Tap Fee	SCB Grant	WVIJDC Grant	WVIJDC Loan	RUS Sub. Grant	RUS Grant	RUS Loan	Total
Construction	150,000	\$1,233,000	\$304,000	\$1,218,000	\$195,000	\$609,000	\$636,000	\$4,345,000
Construction Contg.			112,000		25,000	228,000		365,000
Land and Rights			3,000	13,000	25,000	7,000	7,000	55,000
Legal Fees			2,000	9,000	10,000	4,000	5,000	30,000
Engineering Fees			47,000	196,000	85,000	90,260	86,740	505,000
Misc \$250,000								
Sp. 205,000								
Sec. 50,000								
Legal Counsel			2,000	7,000		3,000	3,000	15,000
Rest							80,000	80,000
Administration		17,000						17,000
Project Contg.			30,000		10,000	58,740		98,740
PA Repayment				57,000			32,260	89,260
TOTALS	<u>\$150,000</u>	<u>\$1,250,000</u>	<u>\$500,000</u>	<u>\$1,500,000</u>	<u>\$350,000</u>	<u>\$1,000,000</u>	<u>\$850,000</u>	<u>\$5,600,000</u>

Rates - Available for general domestic, commercial and industrial service.

First	3,000 gals. @	\$7.00 per M gals.
Next	4,000 gals. @	\$5.60 per M gals.
Next	8,000 gals. @	\$4.71 per M gals.
Next	10,000 gals. @	\$4.13 per M gals.
Next	25,000 gals. @	\$3.38 per M gals.
Over	50,000 gals. @	\$ 2.68 per M gals.

Bulk User - 1,000 gals. @ 1.52 per M gals.

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

5/8" x 3/4" meter -	\$21.00 per month
3/4" meter -	\$31.50 per month
1" meter -	\$52.50 per month
1 1/2" meter -	\$105.00 per month
2" meter -	\$168.00 per month
3" meter -	\$315.00 per month
4" meter -	\$525.00 per month
6" meter -	\$1,050.00 per month
8" meter -	\$1,680.00 per month

Minimum Monthly Bill - \$21.00 for 3,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

\$20.000

Use and Income Analysis

254	users @	3,000	gallons @	\$21.00	per user =	\$5,334.00	monthly
75	users @	3,500	gallons @	\$23.80	per user =	\$1,785.00	monthly
59	users @	4,500	gallons @	\$29.40	per user =	\$1,734.60	monthly
51	users @	5,500	gallons @	\$35.00	per user =	\$1,785.00	monthly
37	users @	6,500	gallons @	\$40.60	per user =	\$1,502.20	monthly
29	users @	7,500	gallons @	\$45.76	per user =	\$1,327.04	monthly
17	users @	8,500	gallons @	\$50.47	per user =	\$857.99	monthly
6	users @	9,500	gallons @	\$55.18	per user =	\$331.08	monthly
7	users @	10,500	gallons @	\$59.89	per user =	\$419.23	monthly
2	users @	11,500	gallons @	\$64.60	per user =	\$129.20	monthly
2	users @	12,500	gallons @	\$69.31	per user =	\$138.62	monthly
2	users @	13,500	gallons @	\$74.02	per user =	\$148.04	monthly
1	users @	20,500	gallons @	\$103.80	per user =	\$103.80	monthly
1	users @	24,500	gallons @	\$120.32	per user =	\$120.32	monthly
1	users @	39,500	gallons @	\$171.39	per user =	\$171.39	monthly
1	users @	40,500	gallons @	\$174.77	per user =	\$174.77	monthly
1	users @	59,500	gallons @	\$232.34	per user =	\$232.34	monthly
1	bulk @	1,027,000	gallons @	\$1,561.04	per user =	\$1,561.04	monthly

547 Total Users

\$17,855.66 Monthly Revenue x 12 = \$214,267.92 Annual Revenue

Budget

Income		\$214,267.92
Expenses		
O & M	\$111,000	
*Debt Service	88,746	
**Debt Service Reserve	8,386	
***Depreciation Reserve	2,464	
	<hr/>	\$210,596.00
Balance and Depreciation		<hr/> \$ 3,671.92

Operating and Maintenance Expenses

Salaries and Taxes	\$57,953
Transportation	5,500
Utilities	12,000
Maintenance and Chemicals	10,000
Insurance and Professional	11,700
Sludge and Misc.	13,847
TOTAL	<hr/> \$111,000

*Existing Debt Service -	\$ -0-
Proposed Debt Service -	88,746
Total Debt Service -	<hr/> \$88,746

** Existing Debt Service Reserve -	\$ -0-
Proposed Debt Service Reserve -	8,386
Total Debt Service Reserve -	<hr/> \$8,386

*** Existing Depreciation Reserve -	\$ -0-
Proposed Depreciation Reserve -	2,464
Total Depreciation Reserve -	<hr/> \$2,646

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-5941

February 14, 2000

The Honorable Joe Blaney, Jr.
Mayor, Town of Masontown
P. O. Box 340
Masontown, WV 26542

RE: Amendment No. 2 to
Letter of Conditions

Dear Mayor Blaney:

This letter, with Attachment 1 amends the letter of conditions dated December 11, 1997 and Amendment No.1 dated June 24, 1999, and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$850,000, an initial RUS grant in the amount of \$1,000,000, a subsequent RUS grant in the amount of \$350,000, and other funding in the amount of \$3,400,000, for a total project cost of \$5,600,000. The other funding is planned in the form of a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of \$1,500,000, a grant from WVIJDC in the amount of \$500,000, a HUD Small Cities Block Grant in the amount of \$1,250,000 and a tap fee from the Town of Reedsville in the amount of \$150,000. Subject to the requirements noted herein, all of the conditions of the prior letters of conditions remain in effect and must be satisfied prior to loan and grant closing.

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

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

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

The conditions referred to above are as follows:

1. At a properly called meeting, you must adopt and properly execute the following Forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Form RD 1942-46 - "Letter of Intent to Meet Conditions"

2. Users - This conditional commitment is based upon you providing evidence that you will have at least 546 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 287 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the Town's existing sewer system, which is to be totally replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

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

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using

the sewer service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

The RUS loan and grant commitment is based on the Town providing service to 1 large volume user. Evidence must be provided to show that user will actually be connected to the system when it is completed and that the monthly water usage projected for each by the engineer is reasonable. If the user refuses the offered service, the Town must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having those users on the system.

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

Sincerely yours,

BOBBY LEWIS
State Director

Enclosures

cc: Administrator, RUS
Attn: Water and Environmental Programs
Washington, DC

Rural Development Specialist
Elkins, WV

Roth & White
Certified Public Account
Kingwood, WV

Sheila Kay Williams
Attorney at Law
Kingwood, WV

Page 4

Stephoe and Johnson
Attorney at Law
Clarksburg, WV

Cerrone & Associates, Inc.
Consulting Engineers
Wheeling, WV

Project Construction Budget

Project Cost	Tap Fee	SCB Grant	WVUDC Grant	WVUDC Loan	RUS Sub. Grant	RUS Grant	RUS Loan	Total
Construction Contg.	150,000	\$1,233,000	\$304,000	\$1,218,000	\$195,000	\$609,000	\$636,000	\$4,345,000
Legal and Rights			112,000		25,000	228,000		365,000
Professional Fees			3,000	13,000	25,000	7,000	7,000	55,000
Engineering Fees			2,000	9,000	10,000	4,000	5,000	30,000
Basic \$250,000			47,000	196,000	85,000	90,260	86,740	505,000
ISP: 205,000								
Spec. 50,000								
Legal Counsel			2,000	7,000		3,000	3,000	15,000
Construction Administration		17,000					80,000	80,000
Project Contg.			30,000		10,000	58,740		98,740
DA Repayment				57,000			32,260	89,260
TOTALS	\$150,000	\$1,250,000	\$500,000	\$1,500,000	\$350,000	\$1,000,000	\$850,000	\$5,600,000

Rates - Available for general domestic, commercial and industrial service.

First	3,000 gals. @	\$7.00 per M gals.
Next	4,000 gals. @	\$5.60 per M gals.
Next	8,000 gals. @	\$4.71 per M gals.
Next	10,000 gals. @	\$4.13 per M gals.
Next	25,000 gals. @	\$3.38 per M gals.
Over	50,000 gals. @	\$ 2.68 per M gals.

Bulk User - 1,000 gals. @ 1.52 per M gals.

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

5/8" x 3/4" meter -	\$21.00 per month
3/4" meter -	\$31.50 per month
1" meter -	\$52.50 per month
1 1/2" meter -	\$105.00 per month
2" meter -	\$168.00 per month
3" meter -	\$315.00 per month
4" meter -	\$525.00 per month
6" meter -	\$1,050.00 per month
8" meter -	\$1,680.00 per month

Minimum Monthly Bill - \$21.00 for 3,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

\$20.000

Use and Income Analysis

254 users @	3,000 gallons @	\$21.00 per user =	\$5,334.00 monthly
75 users @	3,500 gallons @	\$23.80 per user =	\$1,785.00 monthly
59 users @	4,500 gallons @	\$29.40 per user =	\$1,734.60 monthly
51 users @	5,500 gallons @	\$35.00 per user =	\$1,785.00 monthly
37 users @	6,500 gallons @	\$40.60 per user =	\$1,502.20 monthly
29 users @	7,500 gallons @	\$45.76 per user =	\$1,327.04 monthly
17 users @	8,500 gallons @	\$50.47 per user =	\$857.99 monthly
6 users @	9,500 gallons @	\$55.18 per user =	\$331.08 monthly
7 users @	10,500 gallons @	\$59.89 per user =	\$419.23 monthly
2 users @	11,500 gallons @	\$64.60 per user =	\$129.20 monthly
2 users @	12,500 gallons @	\$69.31 per user =	\$138.62 monthly
2 users @	13,500 gallons @	\$74.02 per user =	\$148.04 monthly
1 users @	20,500 gallons @	\$103.80 per user =	\$103.80 monthly
1 users @	24,500 gallons @	\$120.32 per user =	\$120.32 monthly
1 users @	39,500 gallons @	\$171.39 per user =	\$171.39 monthly
1 users @	40,500 gallons @	\$174.77 per user =	\$174.77 monthly
1 users @	59,500 gallons @	\$232.34 per user =	\$232.34 monthly
1 bulk @	1,027,000 gallons @	\$1,561.04 per user =	\$1,561.04 monthly

547 Total Users

017 055 66 Monthly Revenue x 12 = \$214,267.92 Annual Revenue

Budget

Income

\$214,267.92

Expenses

O & M	\$111,000
*Debt Service	88,746
**Debt Service Reserve	8,386
***Depreciation Reserve	2,464

\$210,596.00

Balance and Depreciation

\$ 3,671.92

Operating and Maintenance Expenses

Salaries and Taxes	\$57,953
Transportation	5,500
Utilities	12,000
Maintenance and Chemicals	10,000
Insurance and Professional	11,700
Sludge and Misc.	13,847

TOTAL \$111,000

*Existing Debt Service -	\$ -0-
Proposed Debt Service -	88,746

Total Debt Service - \$88,746

** Existing Debt Service Reserve -	\$ -0-
Proposed Debt Service Reserve -	8,386

Total Debt Service Reserve - \$8,386

*** Existing Depreciation Reserve -	\$ -0-
Proposed Depreciation Reserve -	2,464

Total Depreciation Reserve - \$2,646



United States
Department of
Agriculture

Rural
Development

Bond Counsel
Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304)284-4892
TTY/TDD (304) 284-4836

July 27, 2001

The Honorable Lydia Main
Mayor, Town of Masontown
P.O. Box 340
Masontown, WV 26542

COPY

RE: Amendment No. 3 to Letter of Conditions

Dear Mayor Main:

This letter, with Attachment No. 1 amends the letter of conditions dated December 11, 1997 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$850,000, an initial RUS grant in the amount of \$1,000,000, a subsequent RUS grant in the amount of \$350,000, a subsequent RUS grant in the amount of \$396,000, and other funding in the amount of \$3,630,000, for a total project cost of \$6,226,000. The other funding is planned in the form of a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of \$1,500,000, a grant from the WVIJDC in the amount of \$500,000, a grant from the HUD-Small Cities Block Grant program in the amount of \$1,250,000 and a tap fee from the Town of Reedsville in the amount of \$380,000.

Subject to the requirements noted herein, all of the conditions of the December 11, 1997 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

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

Enclosed are the following:

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

The conditions referred to above are as follows:

1. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
2. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 Form RD 442-7 - "Initial Operating Budget"
 Form RD 1940-1 - "Request for Obligation of Funds"
 Form RD 1942-46 - "Letter of Intent to Meet Conditions"

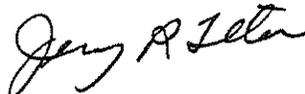
Attached is a copy of RUS Bulletin 1780-12, "Water or Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

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

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

Sincerely yours,


 JENNY N. PHILLIPS
 State Director

Enclosures

cc: See Page 3

cc: L. Craig Burns, Rural Development Manager
ATTN: Joe Crickenberger, Rural Development Specialist
Elkins, WV

Sheila Kae Williams
Attorney at Law
Kingwood, WV

Step toe and Johnson
Attorneys at Law
Clarksburg, WV

Cerrone and Associates
Consulting Engineers
Wheeling, WV

Katy Mallory, P.E.
Executive Secretary
West Virginia Infrastructure and Jobs
Development Council
Charleston, WV

Attachment No. 1 to Amended Letter of Conditions
 For: Town of Masontown
 Date: July 27, 2001

PROJECT CONSTRUCTION BUDGET
 TOWN of MASON TOWN

PROJECT COST	TOWN CONN.	WWIJD LOAN	WWIJD GRANT	SCBG	SUB.RUS GRANT	SUB.RUS GRANT	RUS GRANT	RUS LOAN	TOTAL
CONSTRUCTION	\$380,000	\$1,132,200	\$393,800	\$988,000	\$225,100	\$275,700	\$787,300	\$580,920	\$4,763,020
CONST. CONTINGENCY 7.5%	\$	\$119,100	\$41,400	\$	\$23,700	\$29,000	\$82,800	\$61,000	\$357,000
LAND & RIGHTS	\$	\$18,300	\$6,400	\$	\$3,600	\$4,500	\$12,800	\$9,400	\$55,000
LEGAL FEES	\$	\$18,300	\$6,400	\$	\$3,600	\$4,500	\$12,800	\$9,400	\$55,000
ACCOUNTING	\$	\$	\$	\$	\$	\$	\$	\$	\$
ADMINISTRATION (SCBG)	\$	\$	\$	\$17,000	\$	\$	\$	\$1,000	\$17,000
BOND COUNSEL	\$	\$4,500	\$	\$25,000	\$	\$	\$	\$	\$29,500
ENGINEERING FEES	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basic Fee - \$250,000	\$	\$56,400	\$19,600	\$81,000	\$11,200	\$13,700	\$39,200	\$28,900	\$250,000
Inspection - \$205,000	\$	\$43,400	\$15,100	\$75,000	\$8,600	\$10,600	\$30,100	\$22,200	\$205,000
Special Services	\$	\$14,500	\$5,000	\$44,000	\$2,900	\$3,500	\$10,100	\$7,400	\$87,400
Stakeout - 30,000	\$	\$	\$	\$	\$	\$	\$	\$	\$
O & M Manual \$8,500	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property Survey - \$20,000	\$	\$	\$	\$	\$	\$	\$	\$	\$
ROW Neg. - \$18,000	\$	\$	\$	\$	\$	\$	\$	\$	\$
Warranty - \$1,500	\$	\$	\$	\$	\$	\$	\$	\$	\$
ROW Changes - \$9,400	\$	\$	\$	\$	\$	\$	\$	\$	\$
LMI ASSESSMENT	\$	\$	\$	\$10,000	\$	\$	\$	\$	\$10,000
PERMITS	\$	\$	\$	\$10,000	\$	\$	\$	\$	\$10,000
INTEREST	\$	\$	\$	\$	\$	\$	\$	\$	\$
STARTUP & TRAINING	\$	\$	\$	\$	\$60,000	\$	\$	\$80,000	\$60,000
SOILS, TESTING, ARCH. SVY.	\$	\$4,000	\$1,400	\$	\$	\$800	\$1,000	\$4,800	\$12,000
VEHICLES & EQUIPMENT	\$	\$	\$	\$	\$	\$	\$	\$	\$
WDA REPAYMENT	\$	\$57,000	\$	\$	\$50,000	\$	\$	\$	\$50,000
PROJECT CONTG. 2%	\$	\$32,300	\$10,900	\$	\$7300	\$7,700	\$23,900	\$32,255	\$89,255
TOTAL	\$380,000	\$1,500,000	\$500,000	\$1,250,000	\$396,000	\$350,000	\$1,000,000	\$850,000	\$6,226,000

Rates

Available for general domestic, commercial and industrial service.

First	3,000 gals. @	\$ 7.00 per M gals.
Next	4,000 gals. @	\$ 5.60 per M gals.
Next	8,000 gals. @	\$ 4.71 per M gals.
Next	10,000 gals. @	\$ 4.13 per M gals.
Next	25,000 gals. @	\$ 3.38 per M gals.
Over	50,000 gals. @	\$ 2.68 per M gals.

Mimimum Charge

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

5/8" x 3/4" meter -	\$ 21.00 per month
3/4" meter -	\$ 31.50 per month
1" meter -	\$ 52.50 per month
1 1/2" meter -	\$ 105.00 per month
2" meter -	\$ 168.00 per month
3" meter -	\$ 315.00 per month
4" meter -	\$ 525.00 per month
6" meter -	\$ 1,050.00 per month
8" meter -	\$ 1,680.00 per month

Minimum Monthly Bill \$21.00 for 3,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge - \$20.00

Use and Income Analysis

254 users @	3,000 gallons @	\$	21.00 per user =	\$ 5,334.00 monthly
75 users @	3,500 gallons @	\$	23.80 per user =	\$ 1,785.00 monthly
59 users @	4,500 gallons @	\$	29.40 per user =	\$ 1,734.60 monthly
51 users @	5,500 gallons @	\$	35.00 per user =	\$ 1,785.00 monthly
37 users @	6,500 gallons @	\$	40.60 per user =	\$ 1,502.20 monthly
29 users @	7,500 gallons @	\$	45.76 per user =	\$ 1,327.04 monthly
17 users @	8,500 gallons @	\$	50.47 per user =	\$ 857.99 monthly
6 users @	9,500 gallons @	\$	55.18 per user =	\$ 331.08 monthly
7 users @	10,500 gallons @	\$	59.89 per user =	\$ 419.23 monthly
2 users @	11,500 gallons @	\$	64.60 per user =	\$ 129.20 monthly
2 users @	12,500 gallons @	\$	69.31 per user =	\$ 138.62 monthly
2 users @	13,500 gallons @	\$	74.02 per user =	\$ 148.04 monthly
1 users @	20,500 gallons @	\$	103.80 per user =	\$ 103.80 monthly
1 users @	24,500 gallons @	\$	120.32 per user =	\$ 120.32 monthly
1 users @	39,500 gallons @	\$	171.39 per user =	\$ 171.39 monthly
1 users @	40,500 gallons @	\$	174.77 per user =	\$ 174.77 monthly
1 users @	59,500 gallons @	\$	232.34 per user =	\$ 232.34 monthly
1 bulk @	1,027,000 gallons @	\$	1,561.04 per user =	\$ 1,561.04 monthly

547 Total Users

\$17,855.66 Monthly Revenue x 12 = \$214,267.92 Annual Revenue

Budget

Income		\$214,267.92
Expenses		
O & M	\$111,000	
*Debt Service	88,746	
**Debt Service Reserve	8,386	
***Depreciation Reserve	2,464	
		\$210,596.00
Balance and Depreciation		\$ 3,671.92

Operating and Maintenance Expenses

Salaries and Taxes	\$ 57,953
Transportation	5,500
Utilities	12,000
Maintenance and Chemicals	10,000
Insurance and Professional	11,700
Sludge and Misc.	13,847

TOTAL	\$111,000
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*Existing Debt Service -	\$ -0-
Proposed Debt Service -	88,746

Total Debt Service -	\$88,746
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** Existing Debt Service Reserve	\$ -0-
Proposed Debt Service Reserve	8,386

Total Debt Service Reserve	\$8,386
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*** Existing Depreciation Reserve	\$ -0-
Proposed Depreciation Reserve	2,464

Total Depreciation Reserve	\$2,464
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IC-1
(4/6/00)

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 MASONTOWN
(Governmental Agency)

WITNESSETH:

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 acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of 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," "Council," "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 Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, 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 Department 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 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 the Council and their 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 the Council and their 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 and the Council 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 and the Council, acting by and through their directors or their 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 and the Council such documents and information as they 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 the Council and their 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 and shall verify or have verified such bonds prior to commencement of construction.

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 Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. 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 are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate 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 engineer shall certify to the Authority, the Council 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 shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State 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 10th 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 and the Council, 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 into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the 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 and the Council 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 and the Council 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") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council 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 and the Council, 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 and the Council 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 and the Council 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 and the Council, 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 and the Council 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 and the Council, 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 projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council 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, the Council 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, the Council 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 or such later date as is agreed to in writing by the Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund 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 sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, 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 adopted or 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. Such gross revenues shall 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 ($\frac{1}{3}$) 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth ($\frac{1}{12}$) of one-tenth ($\frac{1}{10}$) 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 ($2\frac{1}{2}\%$) 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 a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

(iii) That the Governmental Agency shall 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, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; 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 the Authority 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 and the Council, 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 Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency 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 the Council 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, 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) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing 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 and the Council, 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 the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

(xix) That the 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;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

(xxii) 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 Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) 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 attached to the certificate of the Consulting Engineer. 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; and

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program

bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

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, validity, 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 and 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 bonds which are the source of money used to purchase the Local 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 and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

5.3 In the event the Governmental Agency defaults in the 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 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 and the Council 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 the Council 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 the Council 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 the Act or 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 and the Council prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B 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, if any, 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 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

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

7.4 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.

7.5 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.

7.6 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.

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

7.8 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 Department 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.

7.9 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.

7.10 This Loan Agreement shall terminate upon the earlier of:

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 by the Authority.

TOWN OF MASONTOWN

(SEAL)

By: Lucia Main
Its: Mayor

Date: 8-22-01

Attest:

Andrea Jones
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel Blyenkarky
Its: Director

Attest:

Date: August 22, 2001

MC Hank Barbara B Meadows
Its: Secretary-Treasurer

- (i) the end of ninety (90) days after the date of execution hereof by the Authority, or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority and the Council 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.

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 as follows:

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

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

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

of financing set forth in the Schedule B attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, ²the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

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 the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the 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 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 Governmental Agency without the consent of the Authority and the Council.

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

[Form of Monthly Financial Report]

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - __

Report Month: _____

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

Witnesseth my signature this ____ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($1200/12$). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($900/12$). This is the incremental amount for the Budget Year to Date column.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Governmental Agency other than this Loan.
4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.
6. The Governmental Agency must complete the Monthly Financial Report and forward it to the Council by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. The Council will notify the Governmental Agency when the Monthly Financial Report no longer needs to be filed.

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	\$ _____
Principal	\$ _____
Total:	\$ _____
Reserve Account:	\$ _____

Witness my signature this ____ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$1,500,000
Purchase Price of Local Bonds	\$1,500,000

The Local Bonds shall bear no interest. Commencing September 1, 2003, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

The Governmental Agency may prepay the Local 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 Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

\$850,000 Town of Masontown Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture) issued simultaneously with the Local Bonds.

Note: \$89,255.72 in WDA Step I and Step II Loans to be paid simultaneously with the issuance of the Local Bonds.

SCHEDULE Y

[Debt Service Schedule]

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

SOURCES & USES

Dated 08/22/2001

Delivered 08/22/2001

SOURCES OF FUNDS

Par Amount of Bonds..... \$1,500,000.00

TOTAL SOURCES..... \$1,500,000.00

USES OF FUNDS

Deposit to Project Construction Fund..... 1,500,000.00

TOTAL USES..... \$1,500,000.00

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	-	-	-
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	9,869.00	-	9,869.00
12/01/2003	9,869.00	-	9,869.00
3/01/2004	9,869.00	-	9,869.00
6/01/2004	9,869.00	-	9,869.00
9/01/2004	9,869.00	-	9,869.00
12/01/2004	9,869.00	-	9,869.00
3/01/2005	9,869.00	-	9,869.00
6/01/2005	9,869.00	-	9,869.00
9/01/2005	9,869.00	-	9,869.00
12/01/2005	9,869.00	-	9,869.00
3/01/2006	9,869.00	-	9,869.00
6/01/2006	9,869.00	-	9,869.00
9/01/2006	9,869.00	-	9,869.00
12/01/2006	9,869.00	-	9,869.00
3/01/2007	9,869.00	-	9,869.00
6/01/2007	9,869.00	-	9,869.00
9/01/2007	9,869.00	-	9,869.00
12/01/2007	9,869.00	-	9,869.00
3/01/2008	9,869.00	-	9,869.00
6/01/2008	9,869.00	-	9,869.00
9/01/2008	9,869.00	-	9,869.00
12/01/2008	9,869.00	-	9,869.00
3/01/2009	9,869.00	-	9,869.00
6/01/2009	9,869.00	-	9,869.00
9/01/2009	9,869.00	-	9,869.00
12/01/2009	9,869.00	-	9,869.00
3/01/2010	9,869.00	-	9,869.00
6/01/2010	9,869.00	-	9,869.00
9/01/2010	9,869.00	-	9,869.00
12/01/2010	9,869.00	-	9,869.00
3/01/2011	9,869.00	-	9,869.00
6/01/2011	9,869.00	-	9,869.00
9/01/2011	9,869.00	-	9,869.00
12/01/2011	9,869.00	-	9,869.00
3/01/2012	9,869.00	-	9,869.00
6/01/2012	9,869.00	-	9,869.00
9/01/2012	9,869.00	-	9,869.00
12/01/2012	9,869.00	-	9,869.00
3/01/2013	9,869.00	-	9,869.00
6/01/2013	9,869.00	-	9,869.00
9/01/2013	9,869.00	-	9,869.00
12/01/2013	9,869.00	-	9,869.00

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2014	9,869.00	-	9,869.00
6/01/2014	9,869.00	-	9,869.00
9/01/2014	9,869.00	-	9,869.00
12/01/2014	9,869.00	-	9,869.00
3/01/2015	9,869.00	-	9,869.00
6/01/2015	9,869.00	-	9,869.00
9/01/2015	9,869.00	-	9,869.00
12/01/2015	9,869.00	-	9,869.00
3/01/2016	9,869.00	-	9,869.00
6/01/2016	9,869.00	-	9,869.00
9/01/2016	9,869.00	-	9,869.00
12/01/2016	9,869.00	-	9,869.00
3/01/2017	9,869.00	-	9,869.00
6/01/2017	9,869.00	-	9,869.00
9/01/2017	9,869.00	-	9,869.00
12/01/2017	9,869.00	-	9,869.00
3/01/2018	9,869.00	-	9,869.00
6/01/2018	9,869.00	-	9,869.00
9/01/2018	9,869.00	-	9,869.00
12/01/2018	9,869.00	-	9,869.00
3/01/2019	9,869.00	-	9,869.00
6/01/2019	9,869.00	-	9,869.00
9/01/2019	9,868.00	-	9,868.00
12/01/2019	9,868.00	-	9,868.00
3/01/2020	9,868.00	-	9,868.00
6/01/2020	9,868.00	-	9,868.00
9/01/2020	9,868.00	-	9,868.00
12/01/2020	9,868.00	-	9,868.00
3/01/2021	9,868.00	-	9,868.00
6/01/2021	9,868.00	-	9,868.00
9/01/2021	9,868.00	-	9,868.00
12/01/2021	9,868.00	-	9,868.00
3/01/2022	9,868.00	-	9,868.00
6/01/2022	9,868.00	-	9,868.00
9/01/2022	9,868.00	-	9,868.00
12/01/2022	9,868.00	-	9,868.00
3/01/2023	9,868.00	-	9,868.00
6/01/2023	9,868.00	-	9,868.00
9/01/2023	9,868.00	-	9,868.00
12/01/2023	9,868.00	-	9,868.00
3/01/2024	9,868.00	-	9,868.00
6/01/2024	9,868.00	-	9,868.00
9/01/2024	9,868.00	-	9,868.00
12/01/2024	9,868.00	-	9,868.00
3/01/2025	9,868.00	-	9,868.00
6/01/2025	9,868.00	-	9,868.00
9/01/2025	9,868.00	-	9,868.00
12/01/2025	9,868.00	-	9,868.00
3/01/2026	9,868.00	-	9,868.00
6/01/2026	9,868.00	-	9,868.00

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2026	9,868.00	-	9,868.00
12/01/2026	9,868.00	-	9,868.00
3/01/2027	9,868.00	-	9,868.00
6/01/2027	9,868.00	-	9,868.00
9/01/2027	9,868.00	-	9,868.00
12/01/2027	9,868.00	-	9,868.00
3/01/2028	9,868.00	-	9,868.00
6/01/2028	9,868.00	-	9,868.00
9/01/2028	9,868.00	-	9,868.00
12/01/2028	9,868.00	-	9,868.00
3/01/2029	9,868.00	-	9,868.00
6/01/2029	9,868.00	-	9,868.00
9/01/2029	9,868.00	-	9,868.00
12/01/2029	9,868.00	-	9,868.00
3/01/2030	9,868.00	-	9,868.00
6/01/2030	9,868.00	-	9,868.00
9/01/2030	9,868.00	-	9,868.00
12/01/2030	9,868.00	-	9,868.00
3/01/2031	9,868.00	-	9,868.00
6/01/2031	9,868.00	-	9,868.00
9/01/2031	9,868.00	-	9,868.00
12/01/2031	9,868.00	-	9,868.00
3/01/2032	9,868.00	-	9,868.00
6/01/2032	9,868.00	-	9,868.00
9/01/2032	9,868.00	-	9,868.00
12/01/2032	9,868.00	-	9,868.00
3/01/2033	9,868.00	-	9,868.00
6/01/2033	9,868.00	-	9,868.00
9/01/2033	9,868.00	-	9,868.00
12/01/2033	9,868.00	-	9,868.00
3/01/2034	9,868.00	-	9,868.00
6/01/2034	9,868.00	-	9,868.00
9/01/2034	9,868.00	-	9,868.00
12/01/2034	9,868.00	-	9,868.00
3/01/2035	9,868.00	-	9,868.00
6/01/2035	9,868.00	-	9,868.00
9/01/2035	9,868.00	-	9,868.00
12/01/2035	9,868.00	-	9,868.00
3/01/2036	9,868.00	-	9,868.00
6/01/2036	9,868.00	-	9,868.00
9/01/2036	9,868.00	-	9,868.00
12/01/2036	9,868.00	-	9,868.00
3/01/2037	9,868.00	-	9,868.00
6/01/2037	9,868.00	-	9,868.00
9/01/2037	9,868.00	-	9,868.00
12/01/2037	9,868.00	-	9,868.00
3/01/2038	9,868.00	-	9,868.00
6/01/2038	9,868.00	-	9,868.00
9/01/2038	9,868.00	-	9,868.00
12/01/2038	9,868.00	-	9,868.00

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2039	9,868.00	-	9,868.00
6/01/2039	9,868.00	-	9,868.00
9/01/2039	9,868.00	-	9,868.00
12/01/2039	9,868.00	-	9,868.00
3/01/2040	9,868.00	-	9,868.00
6/01/2040	9,868.00	-	9,868.00
9/01/2040	9,868.00	-	9,868.00
12/01/2040	9,868.00	-	9,868.00
3/01/2041	9,868.00	-	9,868.00
6/01/2041	9,868.00	-	9,868.00
Total	1,500,000.00	-	1,500,000.00

YIELD STATISTICS

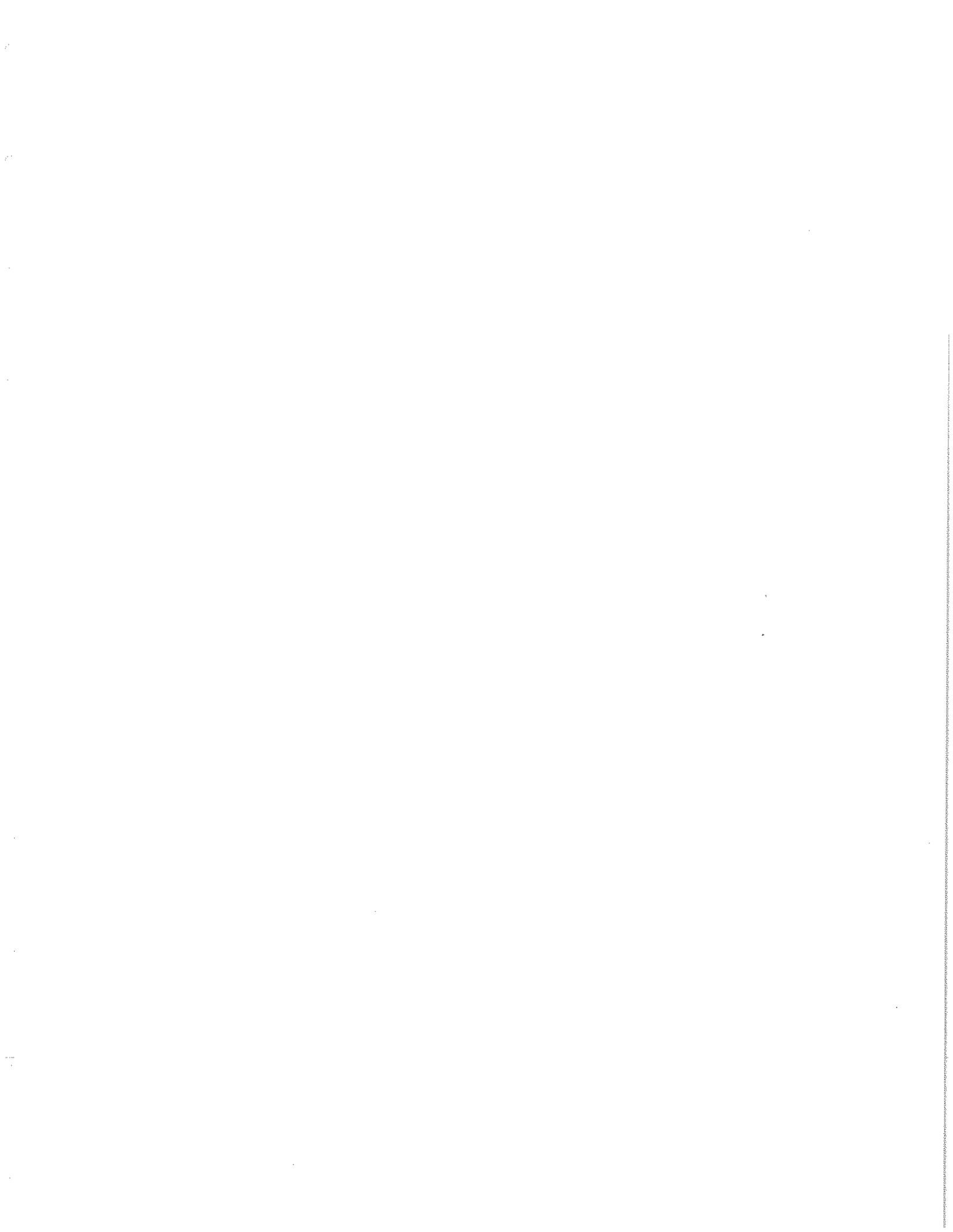
Bond Year Dollars.....	\$31,349.30
Average Life.....	20.900 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	9.44E-11
Bond Yield for Arbitrage Purposes.....	9.44E-11
All Inclusive Cost (AIC).....	9.44E-11

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	20.900 Years

SCHEDULE Z

None.



**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 15th day of August, 2001.

CASE NO. 99-1836-S-CN

TOWN OF MASONTOWN and
TOWN OF REEDSVILLE

Application for a certificate of convenience and necessity to make improvements to the wastewater collection systems of Masontown and Reedsville and for construction of a sewage treatment plant by Masontown, in Preston County.

COMMISSION ORDER

On December 21, 1999, the Town of Masontown (Masontown) and the Town of Reedsville (Reedsville) (collectively, "Towns"), by counsel Sheila Kae Williams, filed with the Public Service Commission, pursuant to W. Va. Code § 24-2-11, a joint application for a certificate of convenience and necessity to make improvements to their wastewater collection systems and for construction of a sewage treatment plant by Masontown. Masontown estimated that its project would cost \$5,600,000, to be financed by a Rural Utilities Service (RUS) loan in the amount of \$850,000; an initial RUS grant in the amount of \$1,000,000; a subsequent RUS grant in the amount of \$350,000; and other funding in the amount of \$3,400,000. The other funding was planned to be in the form of a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of \$1,500,000; a grant from WVIJDC in the amount of \$500,000; a HUD Small Cities Block Grant in the amount of \$1,250,000; and a tap fee from Reedsville in the amount of \$150,000. Reedsville estimated the total cost of its project at \$1,913,000, to be financed by a HUD Small Cities Block Grant in the amount of \$949,000; an RUS grant in the amount of \$514,000; and an RUS loan in the amount of \$450,000. Rule 42 exhibits were filed.

On December 21 and 22, the Commission directed the Towns to publish a Notice of Filing, which provided that, if no protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On January 14, 2000, the Towns, by counsel, filed a copy of an affidavit establishing that the Notice of Filing had been published on January 5, 2000, in The Preston County Journal. The original was filed on March 29, 2000.

On January 26, 2000, Staff filed an Initial Joint Staff Memorandum stating that Staff needed further information from the Towns to complete its investigation and, upon receipt thereof, would file its final recommendation.

On January 31, 2000, the Commission, by Order, referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before July 18, 2000. On the same date Staff filed copies of interrogatories and data requests it was serving on the Towns.

On March 20, 2000, Staff filed a Further Joint Staff Memorandum stating that responses had not been received from the Towns and that additional specified information was needed. Staff stated it would issue a second data request and that the Towns should promptly provide the information already requested.

On March 24, 2000, the ALJ issued a Procedural Order addressing several issues including the possible need for a hearing and dates for filing various documents.

On March 29, 2000, the Towns, by counsel, filed responses to Staff's interrogatories and documents in response to Staff's requests, including letters of confirmation for all funding.

On April 21, 2000, the Towns, by counsel, filed further documents.

On May 1, 2000, Staff filed a Second Further Joint Staff Memorandum stating that some of the information needed for their review had not yet been provided. Staff recommended that, because the ALJ decision due date could not be extended, this matter should be scheduled for an immediate hearing. Again urging that the missing information be provided promptly, Staff warned that if the information was not received in time for Staff to review it prior to hearing, Staff would recommend dismissal.

On May 2, 2000, the ALJ issued a Procedural Order that included the following discussion:

Staff's efforts are appreciated. As indicated in the March 24, 2000 Procedural Order, the purpose of a hearing is to resolve conflicts, not to force submission of information. Accordingly, this matter will not be scheduled for a hearing; rather, the Towns will be ordered once again to submit any

information still needed by Staff. If the Towns fail to supply said information by May 15, 2000, these applications will be dismissed. Further, if the information is provided and Staff does not recommend approval, these applications will be dismissed. The deadline for filing of Staff's final recommendation will be extended to June 9, 2000; should Staff still lack information, the undersigned ALJ should be so advised by the same date.

The Towns were ordered to file, no later than May 15, 2000, all further information requested by Staff and Staff was ordered to file, no later than June 9, 2000, its final recommendation.

On May 4, 2000, Cerrone Associates, Inc., filed plan construction drawings for the wastewater treatment plant.

On May 22, 2000, Staff filed a Third Further Joint Staff Memorandum, with attached memorandum from Ms. Buckley and Mr. Marakovits, who stated that they had received all information needed to complete Staff's review.

On June 9, 2000, Staff filed a Fourth Further Joint Staff Memorandum, with attached memorandum from Ms. Buckley and Mr. Marakovits, stating that the West Virginia Division of Environmental Protection (DEP) had not yet approved the plans and specifications for the Towns' sewer projects and that Technical Staff, therefore, could not submit its final recommendation on this matter.

On June 23, 2000, Staff filed a Final Joint Staff Memorandum, with an attached memorandum from Ms. Buckley and Mr. Marakovits. Staff concluded that the application should be approved, upon the contingency of issuance of a construction permit by the West Virginia Office of Environmental Health Services.

On July 3, 2000, the Administrative Law Judge issued a Recommended Decision which granted the certificate contingent upon issuance of a construction permit by the West Virginia Department of Environmental Health Services. The ALJ approved funding as follows:

a Rural Utilities Service loan in the amount of \$850,000; an initial RUS grant in the amount of \$1,000,000; a subsequent RUS grant in the amount of \$350,000; a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$1,500,000; a grant from WVIJDC in the amount of \$500,000; a HUD Small Cities Block Grant in the amount of \$1,250,000; and a tap fee from Reedsville in the amount of \$150,000, BE APPROVED, and

that the funding for the Reedsville project, a HUD Small Cities Block Grant in the amount of \$949,000; an RUS grant in the amount of \$514,000; and an RUS loan in the amount of \$450,000, BE APPROVED.

The ALJ further directed that if there is any change in the terms, conditions, scheduling, or financing of the Masontown project or the Reedsville project, estimated at \$5,600,000 and \$1,913,000, respectfully, the towns of Masontown and Reedsville notify the Public Service Commission and file for Commission approval of any such revision.

On July 20, 2001, the Commission received a petition to reopen this proceeding by customers of the Town of Masontown who argued that the Town does not require any users on the old collecting system to pay the hookup fee. The protestants included an informational letter from the Town of Masontown dated February 9, 2001, and questioned why existing customers would not have to pay a connection fee but the new users will.

On July 23, 2001, the Commission received a letter from counsel for the Towns of Masontown and Reedsville stating there had been a revision to the budgets and the funding for the projects. The letter stated that upon receiving bids, the cost of the Masontown project increased from \$5,600,000 to \$6,226,000. The construction bids for the Reedsville project were below estimate but the Reedsville project cost remained constant due to an increase in the tap fee to be paid by Reedsville to Masontown from \$150,000 to \$380,000. The letter further stated that the remainder of the Masontown project cost increase was to be paid by a second subsequent grant from the Rural Utilities Service in the amount of \$396,000. The Towns stated that no additional debt would result due to the revised budgets and that the rates to be charged are to be the same as approved in the prior Commission order. The letter requested that the Commission issue an order no later than Wednesday, August 15, 2001.

On August 10, 2001, the Commission received an "Initial and Final Joint Staff Memorandum." Staff stated that since neither Town will incur additional debt due to the revised project budget and the rates to be charged will remain the same, Staff recommended the revised budget be approved. Staff stated the following regarding the petition for reopening:

Staff received a letter from Janice Polce signed by petitioners claiming discrimination. Masontown citizens have been sewer customers for ten (10) years, regardless if the wastewater was treated. The utility cannot charge existing customers a tap fee. The law enables the Town to force connection of all residents along the new sewer system within and outside Town limits. Those customers who were not sewer customers previously will have to pay a tap fee. Staff defers to the Legal Division any other issues related to the petition filed by Ms. M.S. Polce.

DISCUSSION

The Commission shall herein grant the revision in budget and funding for this project because the modifications will not affect the amount of debt assumed by the municipalities and because the modifications will not impact the rates.

Regarding the protest/complaint filed July 20, 2001, by Ms Polce concerning the tap fee, the Commission shall herein direct the Executive Secretary to treat such filing as a formal complaint and assign that proceeding an appropriate case number.

The July 20, 2001, protest/complaint involves the issue of proper application of the tap fee charged new and existing customers. Removing the July 20, 2001, filing to its own proceeding will not prejudice the complainant.

ORDER

IT IS THEREFORE ORDERED that the request to reopen this matter filed July 23, 2001, is hereby granted.

IT IS FURTHER ORDERED that the change in the project cost from \$5,600,000 to \$6,226,000 for the Masontown project is hereby approved.

IT IS FURTHER ORDERED that the change in the tap fee from \$150,000 to \$380,000 paid by Reedsville to Masontown is hereby approved.

IT IS FURTHER ORDERED that the revised funding in the form of an additional grant from the Rural Utilities Service to Masontown in the amount of \$396,000 is hereby approved.

IT IS FURTHER ORDERED that should the scope or financing of the project approved herein change for any reason, the Towns must obtain prior Commission approval before continuing construction of the project.

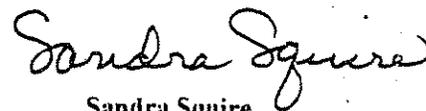
IT IS FURTHER ORDERED that the petition/complaint filed on July 20, 2001, by Ms. Polce regarding charging of tap fees shall be treated as a separate complaint. The Commission's Executive Secretary shall create a new docket number for processing this matter.

IT IS FURTHER ORDERED that upon entry of this order, this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by facsimile transmission and by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:

ARC
JJW/lfg
991836ca.wpd


Sandra Squire
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: July 3, 2000

7-23-00

CASE NO. 99-1836-S-CN

TOWN OF MASONTOWN and TOWN OF REEDSVILLE.

Application for a certificate of convenience and necessity to make improvements to the wastewater collection systems of Masontown and Reedsville and for construction of a sewage treatment plant by Masontown, in Preston County.

RECOMMENDED DECISION

PROCEDURE

On December 21, 1999, the Town of Masontown (Masontown) and the Town of Reedsville (Reedsville), by counsel Sheila Kae Williams, filed with the Public Service Commission (Commission), pursuant to W. Va. Code § 24-2-11, a joint application for a certificate of convenience and necessity to make improvements to their wastewater collection systems and for construction of a sewage treatment plant by Masontown. Masontown estimated that its project would cost \$5,600,000, to be financed by a Rural Utilities Service (RUS) loan in the amount of \$850,000; an initial RUS grant in the amount of \$1,000,000; a subsequent RUS grant in the amount of \$350,000; and other funding in the amount of \$3,400,000. The other funding is planned to be in the form of a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of \$1,500,000; a grant from WVIJDC in the amount of \$500,000; a HUD Small Cities Block Grant in the amount of \$1,250,000; and a tap fee from Reedsville in the amount of \$150,000. Reedsville estimated the total cost of its project at \$1,913,000, to be financed by a HUD Small Cities Block Grant in the amount of \$949,000; an RUS grant in the amount of \$514,000; and an RUS loan in the amount of \$450,000. Rule 42 exhibits were filed. The applications were docketed as an application filed jointly by Masontown and Reedsville (Towns). Rule 42 exhibits were attached.

On December 21 and 22, the Commission directed the Towns to publish a Notice of Filing, which provided that, if no protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On January 14, 2000, the Towns, by counsel, filed a copy of an affidavit establishing that the Notice of Filing had been published on January 5, 2000, in The Preston County Journal. The original was filed on March 29, 2000.

On January 26, 2000, Staff Attorney James V. Kelsh filed an Initial Joint Staff Memorandum, with attached memorandum from Karen L. Buckley, Utilities Analyst, Water and Wastewater Division, and Joseph A. Marakovits, Technical Analyst III, Engineering Division, stating that Staff needed further information from the Towns to complete its investigation and, upon receipt thereof, would file its final recommendation.

On January 31, 2000, the Commission, by Order, referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before July 18, 2000. On the same date Staff filed copies of interrogatories and data requests it was serving on the Towns.

On March 20, 2000, Mr. Kelsh filed a Further Joint Staff Memorandum, with attached memorandum from Ms. Buckley and Mr. Marakovits, who stated that responses had not been received from the Towns and that additional information was also needed, which was specified. Mr. Kelsh stated that Staff would issue a second data request and that the Towns should promptly provide the information already requested.

On March 24, 2000, the undersigned ALJ issued a Procedural Order that, noting that no protest had been filed to the application, stated that, if Staff recommended approval of the Towns' projects and funding therefor, they might be approved without hearing and that, if conflict arose between the Towns and Staff, this matter would be scheduled for an immediate formal hearing. The Towns were required to file responses to Staff's interrogatories and data requests no later than April 14, 2000; Staff was required to file its final recommendations no later than May 1, 2000; and the Towns were required to file any response to Staff's final recommendations no later than May 8, 2000.

On March 29, 2000, the Towns, by counsel, filed responses to Staff's interrogatories and documents in response to Staff's requests, including letters of confirmation for all funding.

On April 21, 2000, the Towns, by counsel, filed further documents.

On May 1, 2000, Mr. Kelsh filed a Second Further Joint Staff Memorandum, with attached memorandum from Ms. Buckley and Mr. Marakovits, stating that some of the information needed for their review had not yet been provided; the lacking information was specified. Mr. Kelsh

recommended that, because the ALJ decision due date could not be extended, this matter be scheduled for an immediate hearing. Again urging that the missing information be provided promptly, he warned that, if the information was not received in time for Staff to review it prior to hearing, Staff would recommend dismissal.

On May 2, 2000, the undersigned ALJ issued a Procedural Order that included the following discussion:

Staff's efforts are appreciated. As indicated in the March 24, 2000 Procedural Order, the purpose of a hearing is to resolve conflicts, not to force submission of information. Accordingly, this matter will not be scheduled for a hearing; rather, the Towns will be ordered once again to submit any information still needed by Staff. **If the Towns fail to supply said information by May 15, 2000, these applications will be dismissed. Further, if the information is provided and Staff does not recommend approval, these applications will be dismissed.** The deadline for filing of Staff's final recommendation will be extended to June 9, 2000; should Staff still lack information, the undersigned ALJ should be so advised by the same date.

The Towns were ordered to file, no later than May 15, 2000, all further information requested by Staff and Staff was ordered to file, no later than June 9, 2000, its final recommendation.

On May 4, 2000, Cerrone Associates, Inc., filed plan construction drawings for the wastewater treatment plant.

On May 22, 2000, Mr. Kelsh filed a Third Further Joint Staff Memorandum, with attached memorandum from Ms. Buckley and Mr. Marakovits, who stated that they had received all information needed to complete Staff's review.

On June 9, 2000, Mr. Kelsh filed a Fourth Further Joint Staff Memorandum, with attached memorandum from Ms. Buckley and Mr. Marakovits, providing the information that the West Virginia Division of Environmental Protection (DEP) had not yet approved the plans and specifications for the Towns' sewer projects and that Technical Staff, therefore, could not submit its final recommendation on this matter.

On June 23, 2000, Mr. Kelsh filed a Final Joint Staff Memorandum, with an attached memorandum from Ms. Buckley and Mr. Marakovits. Staff concluded that the application should be approved, upon the contingency of issuance of a construction permit by the West Virginia Office of Environmental Health Services.

DISCUSSION

Findings and views of Commission Staff stated in the Final Joint Staff Memorandum will be provided in the following section. The applications for a certificate of convenience and necessity will be granted, upon the contingency Staff recommends.

FINDINGS OF FACT

1. On December 21, 1999, the Town of Masontown and the Town of Reedsville filed with the Public Service Commission a joint application for a certificate of convenience and necessity to make improvements to their wastewater collection systems and for construction of a sewage treatment plant by Masontown. (See application).
2. The Notice of Filing was published on January 5, 2000, in The Preston County Journal, and no protest was filed. (See January 14 and March 29, 2000 filings; case file generally).
3. The Masontown project will serve approximately 547 customers and the Reedsville project will serve approximately 208 customers. Residences and businesses presently dump waste directly into receiving streams; are served by septic tanks, most of which are old and dilapidated with inadequate leach fields; or are served by centralized collection systems that were installed in the 1930s and are in very poor condition. The projects would allow both Towns to achieve compliance with the mandates of the Federal Clear Water Act and State regulations. Staff opined that the need for the projects has been adequately documented. (See Final Joint Staff Memorandum).
4. The estimated total cost for the Masontown project is \$5,600,000, with a total construction cost, including contingencies, of \$4,710,000. The estimated total cost for the Reedsville project is \$1,913,000, with a total construction cost of \$1,362,000, including contingencies. Neither project has been bid. (See application; Final Joint Staff Memorandum).
5. The cost for the Masontown project calculates to \$10,238 per customer and the cost for the Reedsville project calculates to \$9,197 per customer. Staff opined that those costs per customer are somewhat high but still within the range of reasonableness. (See Final Joint Staff Memorandum).
6. The operation and maintenance expenses for the Town of Masontown are estimated at \$111,000 annually, and the operation and maintenance expenses for the Town of Reedsville are estimated at \$39,000. Staff found the operation and maintenance expenses to be reasonable. (See Final Joint Staff Memorandum).
7. The Masontown project will be financed by a Rural Utilities Service loan in the amount of \$850,000, payable over forty years, with payments for the first twenty-four months of interest

only; an initial RUS grant in the amount of \$1,000,000; a subsequent RUS grant in the amount of \$350,000; a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$1,500,000 at 0% interest; a grant from WVJDC in the amount of \$500,000; a HUD Small Cities Block Grant in the amount of \$1,250,000; and a tap fee from Reedsville in the amount of \$150,000. The Reedsville project will be financed by a HUD Small Cities Block Grant in the amount of \$949,000; an RUS grant in the amount of \$514,000; and an RUS loan in the amount of \$450,000, payable over forty years, with payments for the first twenty-four months of interest only. (See application; March 29, 2000 filing; Final Joint Staff Memorandum).

8. Reedsville passed an ordinance raising its sewer rates and charges, effective on February 25, 2000. Masontown also passed such an ordinance, effective on February 27, 2000. Masontown has not filed with the Commission a copy of its tariff. (See Final Joint Staff Memorandum).

9. Staff found the plans and specifications did not reveal any conflicts with the Commission's Rules and Regulations for the Government of Sewer Utilities. The planned Biolac-type treatment plant was the most cost effective choice and will allow for future expansion. The planned collection system is a gravity system. (See Final Joint Staff Memorandum).

10. The West Virginia Division of Environmental Protection found the plans and specifications of the projects to be acceptable. The West Virginia Office of Environmental Health Services has not issued a construction permit. (See Final Joint Staff Memorandum).

11. Commission Staff recommended that the application be granted and the projects be approved, contingent upon issuance of a construction permit by the West Virginia Office of Environmental Health Service; and that the funding be approved. (See Final Joint Staff Memorandum).

CONCLUSION OF LAW

Because the projects are needed; no protest to the application has been filed; and Commission Staff recommended that the application be granted, contingent upon granting of a construction permit by the West Virginia Office of Environmental Health Service, and that the funding be approved, it is appropriate to grant the application and to approve the projects, pursuant to W. Va. Code §24-2-11, upon the stated contingency, and their funding.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed on December 21, 1999, by the Town of Masontown and the Town of Reedsville to make improvements to the wastewater collection systems of the Town of Masontown and the Town of Reedsville, and to construct a wastewater treatment plant BE GRANTED and the projects BE APPROVED, CONTINGENT upon issuance of a construction permit by the West Virginia Office of Environmental Health Services.

IT IS FURTHER ORDERED that, immediately upon receipt of said permit, the Towns of Masontown and Reedsville file a copy of said permit with the Commission.

IT IS FURTHER ORDERED that the funding for the Masontown project, a Rural Utilities Service loan in the amount of \$850,000; an initial RUS grant in the amount of \$1,000,000; a subsequent RUS grant in the amount of \$350,000; a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$1,500,000; a grant from WVIJDC in the amount of \$500,000; a HUD Small Cities Block Grant in the amount of \$1,250,000; and a tap fee from Reedsville in the amount of \$150,000, BE APPROVED, and that the funding for the Reedsville project, a HUD Small Cities Block Grant in the amount of \$949,000; an RUS grant in the amount of \$514,000; and an RUS loan in the amount of \$450,000, BE APPROVED.

IT IS FURTHER ORDERED that, if there is any change in any of the terms, conditions, scheduling, or financing of the Masontown project or the Reedsville project, estimated at \$5,600,000 and \$1,913,000, respectively, the Towns of Masontown and Reedsville notify the Public Service Commission and file for Commission approval of any such revision.

IT IS FURTHER ORDERED that the Town of Masontown file with the Commission a copy of its sewer tariff.

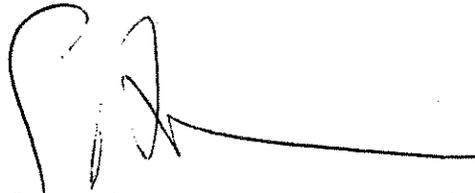
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary 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.

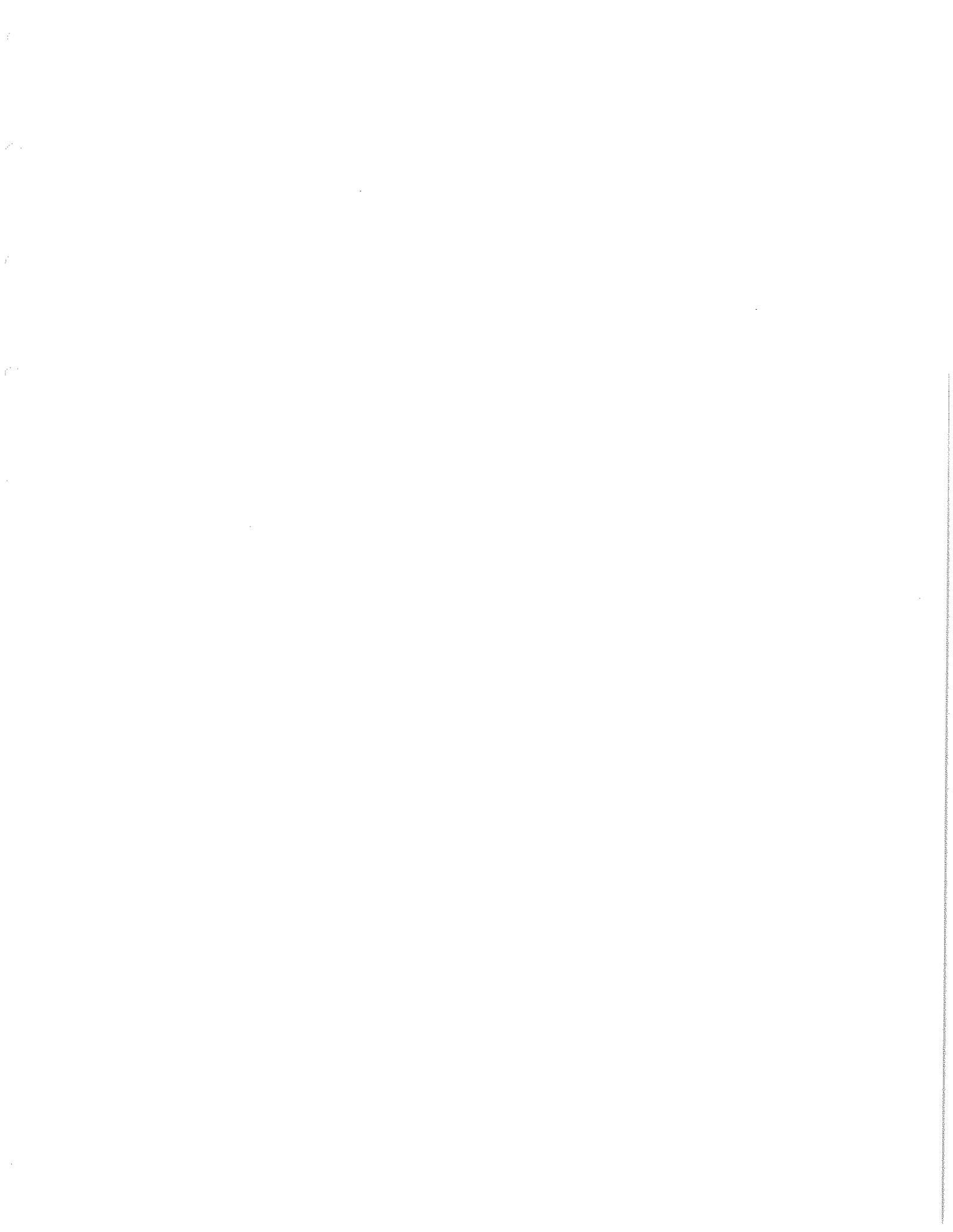
If no exceptions are so filed, this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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 Executive 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.

A handwritten signature in black ink, appearing to read 'Sunya Anderson', with a long horizontal line extending to the right.

Sunya Anderson
Administrative Law Judge

SA:s
991836ab.wpd





West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans

James L. Harrison, Sr., Vice Chairman
Princeton

Lloyd P. Adams, P.E.
Wheeling

Sheirl L. Fletcher
Morgantown

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

Susan J. Riggs, Esquire
Executive Secretary

March 31, 1999

The Honorable Lydia Main
Mayor, Town of Masontown
P.O. Box 340
Masontown, West Virginia 26542

Re: Binding Commitment Letter
Wastewater Treatment and Collection System Project 95S-078

Dear Mayor Main:

The West Virginia Infrastructure and Jobs Development Council (the "Council") provides this binding offer of an Infrastructure Fund loan of \$1,500,000, and an Infrastructure Fund grant of \$500,000 (collectively referred to as the "Funding Assistance") for the Town of Masontown's (the "Town") proposed project to construct a wastewater treatment and collection system (the "Project"). The source of funds for the Funding Assistance will be a portion of the proceeds from an anticipated Infrastructure General Obligation Bond issue and this Funding Assistance commitment is contingent upon the availability of those proceeds in the Infrastructure Fund. The Funding Assistance will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Funding Assistance amount will be established after the Town has received acceptable bids for the Project. The Council will set aside a portion of the next bond proceeds to be deposited in the Infrastructure Fund to make this Funding Assistance upon the Town's compliance with the program. The Funding Assistance agreements will be between the Town and the West Virginia Water Development Authority (the "Authority"), who is the administrator of the Infrastructure Fund, acting on behalf of the Council.

This Funding Assistance commitment is also contingent upon the Town meeting the following schedule:

- a. Submit plans and specifications to the Bureau for Public Health no later than March 31, 1999.

The Honorable Lydia Main
March 31, 1999
Page 2

- b. Adopt a rate ordinance no later than June 24, 1999.
- c. Submit to the Public Service Commission a complete certificate of convenience and necessity application no later than July 1, 1999.
- d. Advertise for construction bids no later than October 5, 1999.
- e. Close the Funding Assistance no later than February 15, 2000.

The Council reserves the right to withdraw this Funding Assistance commitment if any of the above schedule dates are not met. The Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Council.

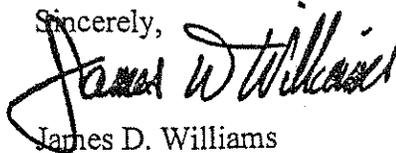
If the Town becomes aware that it will not meet one or more of the above schedule dates, the Town should immediately notify the Council of this fact and the circumstances which have caused or will cause the Town to be unable to meet the schedule. In addition, please immediately notify the Council if any of the other dates on the attached schedule have not or will not be met.

The Authority will enter into Funding Assistance agreements with the Town following receipt of a final, nonappealable order from the Public Service Commission authorizing construction of the Project, approving rates, and approving the Project funding; evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; requisite bond-related documents and opinions in a form and substance satisfactory to the Authority and the Council and any other documents requested by the Council. Following execution of the Funding Assistance agreements, the Council will establish a closing date.

No statements or representations made before or after the issuance of this contingent Funding Assistance commitment by any person, member of the Council, or agent or employee of the Authority shall be construed as approval to alter or amend this Funding Assistance commitment, as all such amendments or alterations shall only be made in writing after approval of the Council.

If the Town has any questions regarding this Funding Assistance commitment, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,



James D. Williams

JDW/tb

Attachments

cc: J. Michael Johnson, P.E.
Debbie Legg
Randy Plum
Sheila K. Williams, Esquire

The Honorable Lydia Main
March 31, 1999
Page 3

Vincent A. Collins, Esquire
Holly Childs
George E. Blum

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Council at the above address, and one to the Authority at 180 Association Drive, Charleston, WV 25311-1571.

Town of Masontown

By: _____
Mayor

Date: _____

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Town of Masontown
Wastewater Treatment Plant
95S-078
March 31, 1999

SCHEDULE A

A. Approximate Amount: \$1,500,000 - Loan
\$ 500,000 - Grant

B. Loan:

1. Maturity Date: 40 years from date of loan closing
2. Interest Rate: 0%
3. Loan Advancement Date(s): Monthly, upon receipt of proper requisition, and on a pro rata basis with the other funding.
4. Debt Service Commencement Date: The first quarter following completion of construction, which date must be identified prior to closing.
5. Special Conditions: None.

C. Grant:

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition, and on a pro rata basis with the other funding.
2. Special Conditions (if any): None.

NOTICE: The terms set forth above are subject to change following the Governmental Agency's receipt of construction bids.

D. Other Funding Sources:

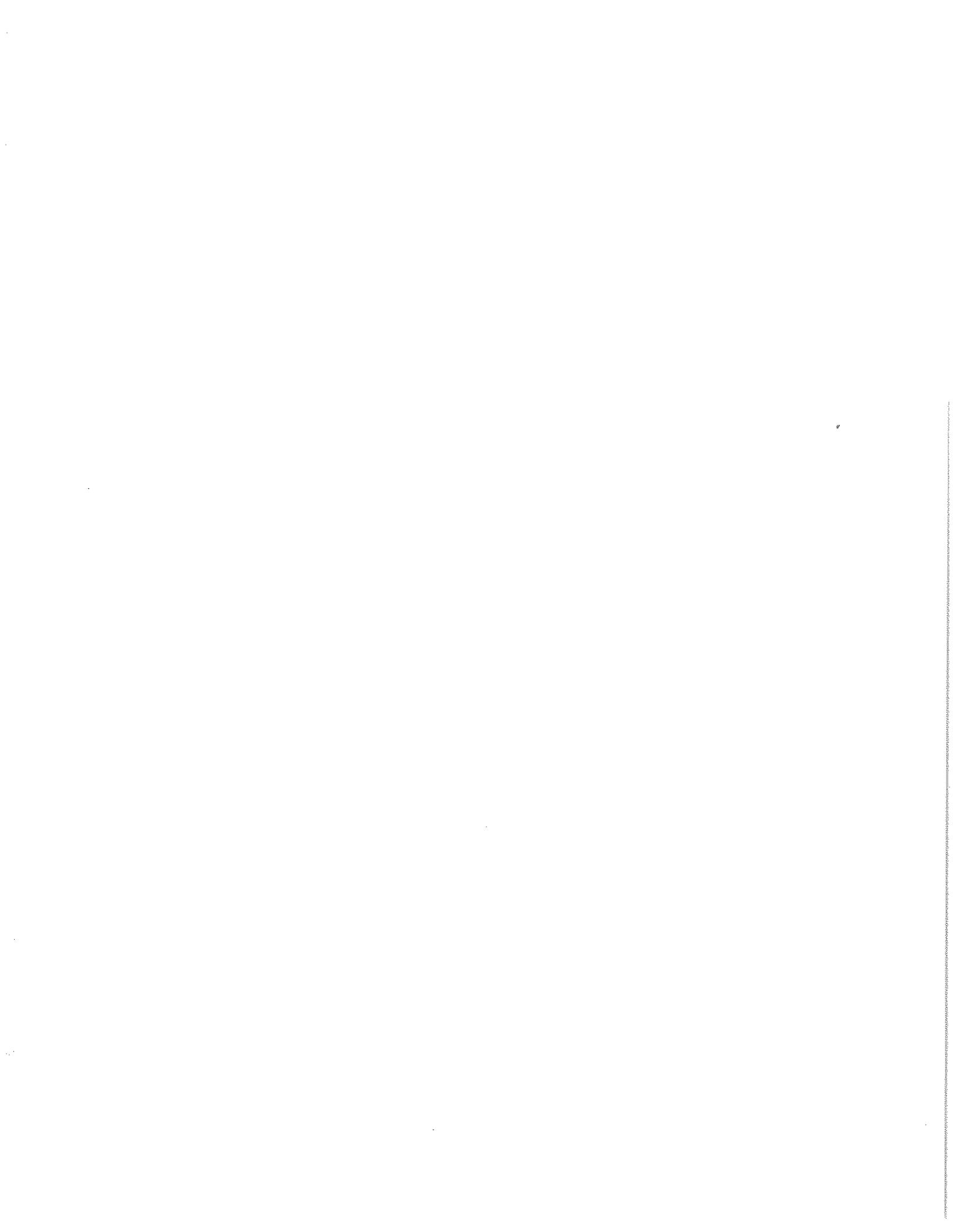
- | | |
|------------------------------|-----------------------------|
| 1. Rural Utilities Services: | 2. Small Cities Block Grant |
| Loan Amount: \$850,000 | Amount: \$1,250,000 |
| Interest Rate: 4.5% | |
| Maturity Date: 40 years | |
| Grant Amount: \$1,000,000 | |

E. Proposed User Rates:

Average: \$29.40/4500 gallons

TOWN OF MASONTOWN
Wastewater Treatment and Collection System Project
95S-078

<i>ACTION</i>	<i>RESPONSIBLE PARTY</i>	<i>START DATE</i>	<i>COMPLETION DATE</i>
1 Prepare and Submit P&S to BPH/OWR	Cerrone & Associates, Inc.		03/31/99
2 Prepare and Submit Permit Applications	Cerrone & Associates, Inc.		04/01/99
3 Prepare Rule 42	Accountant	04/01/99	05/15/99
4 Rate Ordinance	Attorney		
a First Reading			05/27/99
b Final Reading			06/24/99
c File with PSC			06/29/99
5 File Certificate Case with PSC	Attorney		07/01/99
6 P&S Review and Approval Process	BPH/OWR	03/31/99	06/01/99
7 Rights-of-Way, Easements, and Land Acquisition	Attorney		10/01/99
8 Authority to Advertise	IJDC/RUS		10/01/99
9 Advertise for Bids	Cerrone & Associates, Inc.		10/05/99
10 Review and Approve PSC Certificate	PSC	07/01/99	12/31/99
11 Bid Opening	Cerrone & Associates, Inc.		11/18/99
12 Loan Closing	Bond Counsel		02/15/00
13 Construction Period	Contractor	03/01/00	03/01/01



TOWN OF MASONTOWN

Sewer Revenue Bonds,
Series 2001 A (United States Department of Agriculture)

RECEIPT FOR SERIES 2001 A BONDS

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

1. On the 22nd day of August, 2001, at Charleston, West Virginia, the undersigned received for the Purchaser the Town of Masontown Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture), No. AR-1 (the "Series 2001 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$850,000, dated the date hereof, bearing interest at the rate of 4.875% per annum, payable in monthly installments as stated in the Bond.

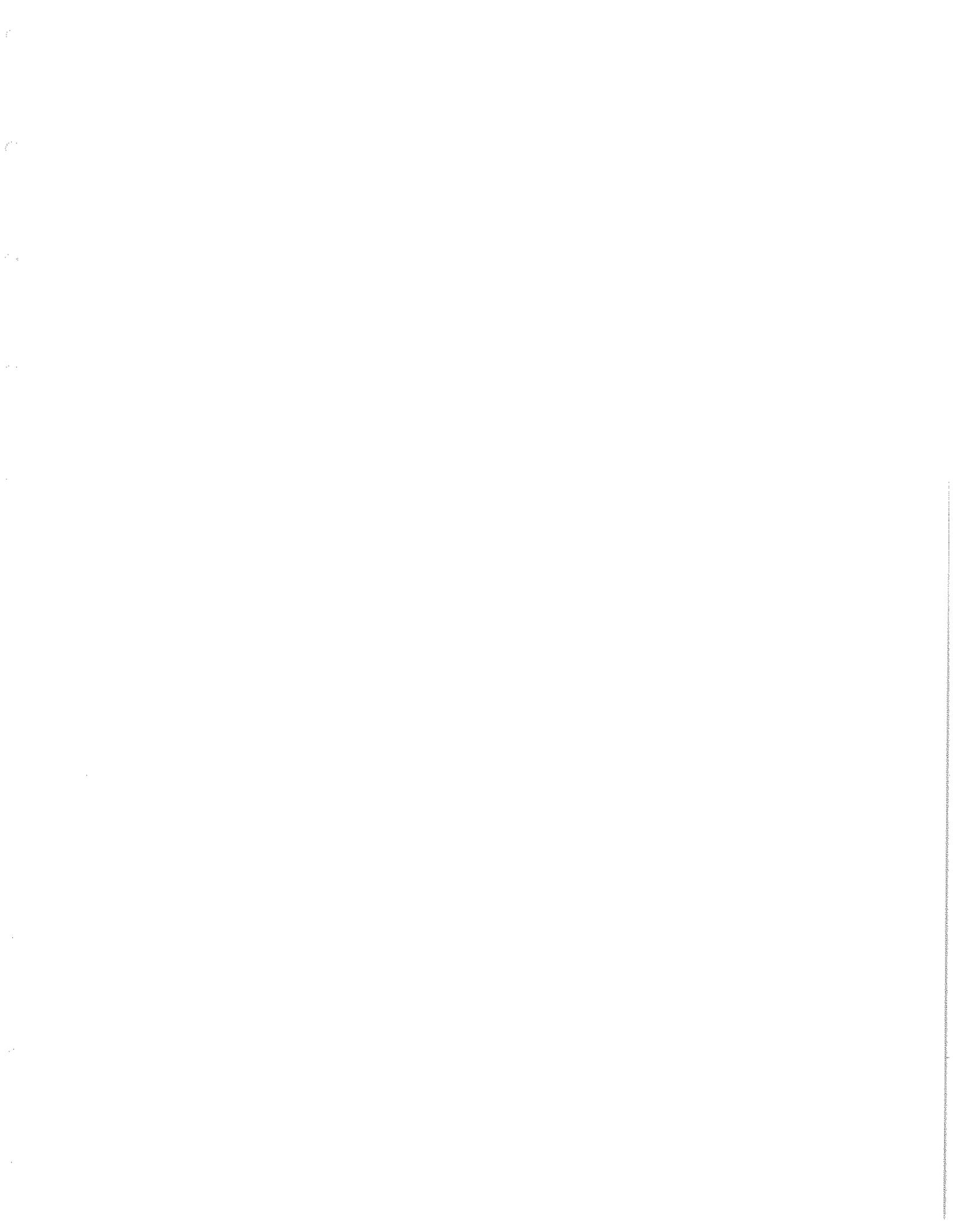
2. At the time of such receipt, the Series 2001 A Bonds had been executed and sealed by the designated officials of the Town of Masontown (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$110,000, being a portion of the principal amount of the Series 2001 A Bonds. The balance of the principal amount of the Series 2001 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 22nd day of August, 2001.


Authorized Representative

08/15/01
561890/98001



TOWN OF MASONTOWN

Sewer Revenue Bonds,
Series 2001 B (West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR SERIES 2001 B BONDS AND BOND PROCEEDS

On this 22nd day of August, 2001, 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 Masontown (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Town of Masontown Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), issued in the principal amount of \$1,500,000, as a single, fully registered Bond, numbered BR-1 and dated August 22, 2001 (the "Series 2001 B Bonds").

2. At the time of such receipt of the Series 2001 B Bonds upon original issuance, the Series 2001 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 Series 2001 B Bonds.

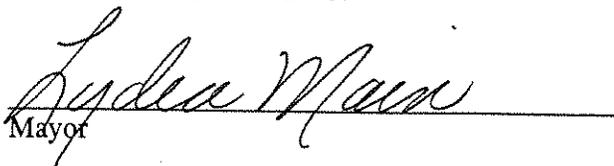
3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2001 B Bonds, of \$122,300, being a portion of the principal amount of the Series 2001 B Bonds. The balance of the principal amount of the Series 2001 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

TOWN OF MASONTOWN


Mayor

08/09/01
561890/98001



TOWN OF MASONTOWN

Sewer Revenue Bonds,
Series 2001 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2001 B BONDS

Branch Banking and Trust Company, as
Bond Registrar for the Series 2001 B Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 22nd day of August, 2001:

(1) Bond No. BR-1, constituting the entire original issue of the Town of Masontown Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), in the principal amount of \$1,500,000, dated August 22, 2001 (the "Series 2001 B Bonds"), executed by the Mayor and Recorder of the Town of Masontown (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 July 30, 2001, and a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated August 22, 2001 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2001 B Bonds.

You are hereby requested and authorized to deliver the Series 2001 B Bonds to the Authority upon payment to the Issuer of the sum of \$122,300, representing a portion of the principal amount of the Series 2001 B Bonds. Prior to such delivery of the Series 2001 B Bonds, you will please cause the Series 2001 B Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2001 B Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

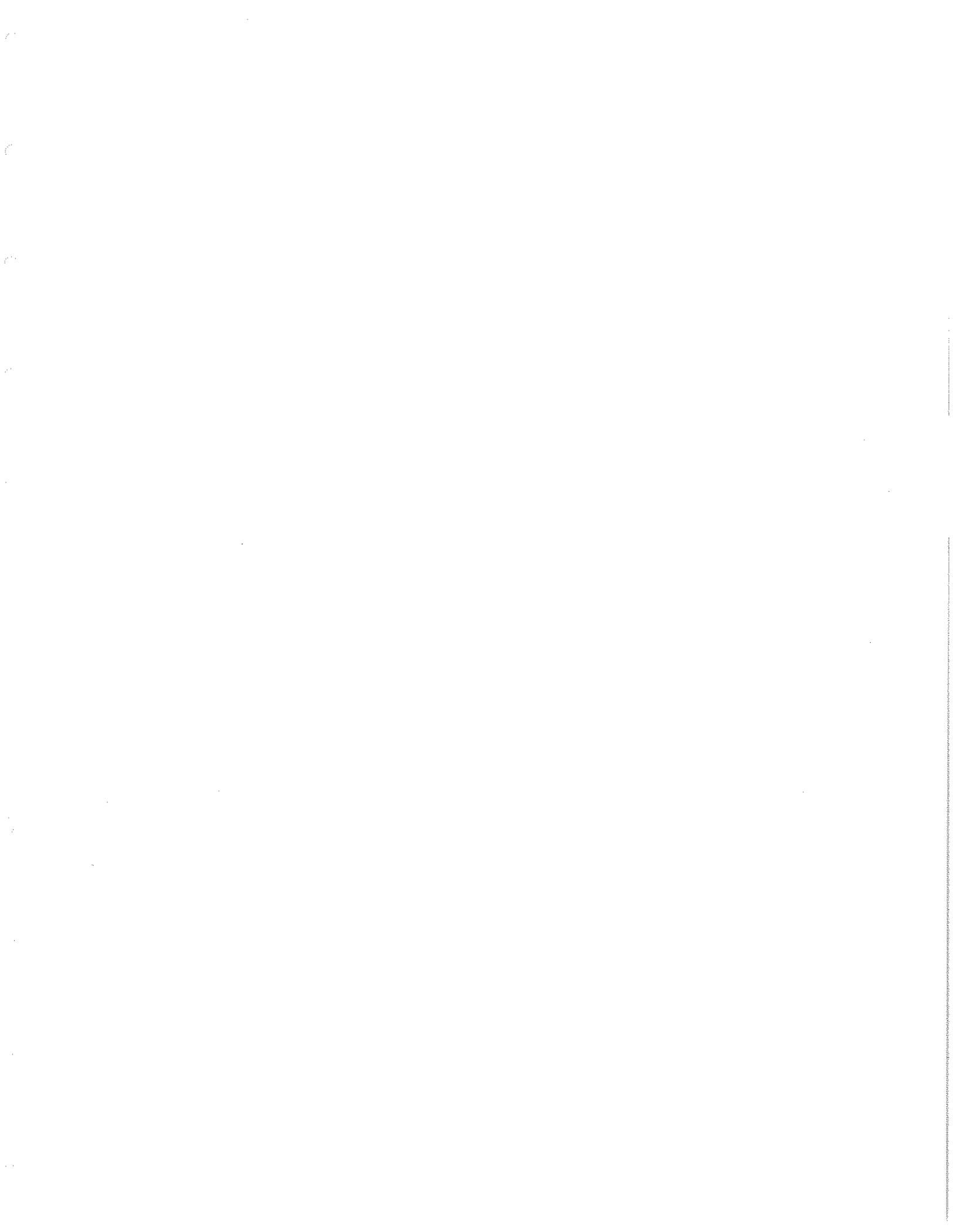
Dated as of the day and year first written above.

TOWN OF MASONTOWN

Lydia Main

Mayor

08/09/01
561890/98001



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MASONTOWN
SEWER REVENUE BOND, SERIES 2001 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$850,000

No. AR-1

Date: August 22, 2001

FOR VALUE RECEIVED, the TOWN OF MASONTOWN (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of EIGHT HUNDRED FIFTY THOUSAND DOLLARS (\$850,000), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$4,106, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Ordinance and upon surrender and cancellation of this Bond.

Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on July 30, 2001, and a Supplemental Resolution of the Borrower duly adopted on July 30, 2001, authorizing issuance of this Bond (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 22, 2001, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,500,000.

IN WITNESS WHEREOF, the TOWN OF MASONTOWN has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the date hereinabove written.

TOWN OF MASONTOWN

[CORPORATE SEAL]

Lydian McCain

Mayor
Post Office Box 340
Masontown, West Virginia 26542

ATTEST:

Sandra Davis
Recorder

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 110,000	8/22/01	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____
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 Borrower with full power of substitution in the
premises.

Dated: _____, _____.

In presence of:

August 22, 2001

Town of Masontown
Sewer Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

Town of Masontown
Masontown, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Masontown in Preston County, West Virginia (the "Issuer"), of its \$850,000 Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on July 30, 2001, and a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is duly created and validly existing municipal corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds on a parity with the Issuer's Sewer Revenue Bonds,



Series 2001 B (West Virginia Infrastructure Fund), issued concurrently herewith, and subject to no other prior lien granted under the Act.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

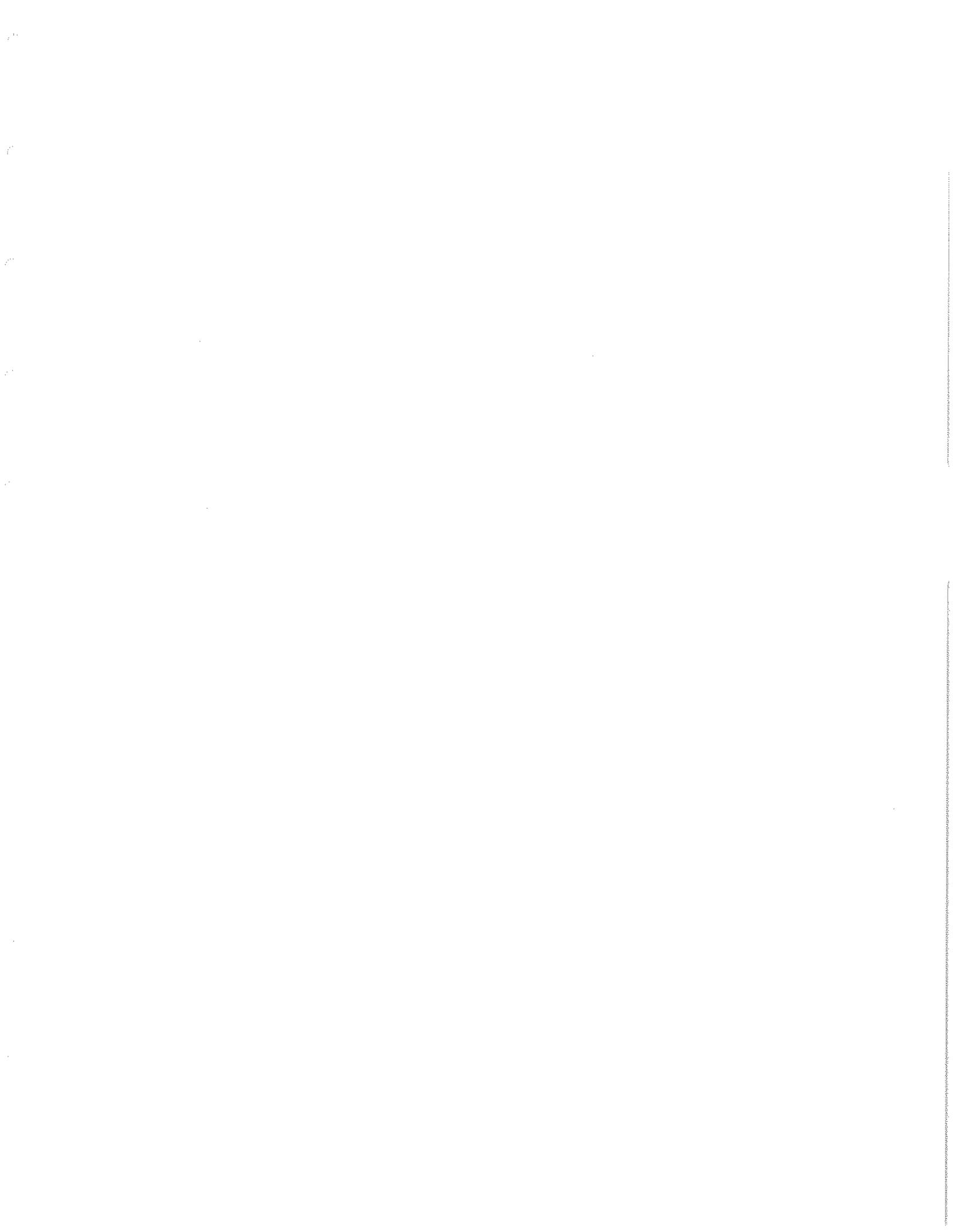
5. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal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

6. The 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 interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

Very truly yours,


STEPTOE & JOHNSON PLLC



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MASONTOWN
SEWER REVENUE BOND, SERIES 2001 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$1,500,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MASONTOWN, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000), 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 September 1, 2003, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear 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 August 22, 2001.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public sewerage system of the Issuer (the "Project"); (ii) to pay the Issuer's portion of the STEP I Loan and STEP II Loan of Valley Sanitary District; and (iii) 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"), a Bond Ordinance duly enacted by the Issuer on July 30, 2001, and

a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (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 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 22, 2001, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$850,000 (THE "SERIES 2001 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 2001 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 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 2001 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 on a parity with the Bonds, including the Series 2001 A Bonds; provided however, that so long as there exists in the Series 2001 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 on a parity with the Bonds, including the Series 2001 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the 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 MASONTOWN 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 August 22, 2001.

[SEAL]



Mayor

ATTEST:



Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: August 22, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Charles A. Abigon
Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 122,300	8/22/01	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

EXHIBIT B

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	-	-	-
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	9,869.00	-	9,869.00
12/01/2003	9,869.00	-	9,869.00
3/01/2004	9,869.00	-	9,869.00
6/01/2004	9,869.00	-	9,869.00
9/01/2004	9,869.00	-	9,869.00
12/01/2004	9,869.00	-	9,869.00
3/01/2005	9,869.00	-	9,869.00
6/01/2005	9,869.00	-	9,869.00
9/01/2005	9,869.00	-	9,869.00
12/01/2005	9,869.00	-	9,869.00
3/01/2006	9,869.00	-	9,869.00
6/01/2006	9,869.00	-	9,869.00
9/01/2006	9,869.00	-	9,869.00
12/01/2006	9,869.00	-	9,869.00
3/01/2007	9,869.00	-	9,869.00
6/01/2007	9,869.00	-	9,869.00
9/01/2007	9,869.00	-	9,869.00
12/01/2007	9,869.00	-	9,869.00
3/01/2008	9,869.00	-	9,869.00
6/01/2008	9,869.00	-	9,869.00
9/01/2008	9,869.00	-	9,869.00
12/01/2008	9,869.00	-	9,869.00
3/01/2009	9,869.00	-	9,869.00
6/01/2009	9,869.00	-	9,869.00
9/01/2009	9,869.00	-	9,869.00
12/01/2009	9,869.00	-	9,869.00
3/01/2010	9,869.00	-	9,869.00
6/01/2010	9,869.00	-	9,869.00
9/01/2010	9,869.00	-	9,869.00
12/01/2010	9,869.00	-	9,869.00
3/01/2011	9,869.00	-	9,869.00
6/01/2011	9,869.00	-	9,869.00
9/01/2011	9,869.00	-	9,869.00
12/01/2011	9,869.00	-	9,869.00
3/01/2012	9,869.00	-	9,869.00
6/01/2012	9,869.00	-	9,869.00
9/01/2012	9,869.00	-	9,869.00
12/01/2012	9,869.00	-	9,869.00
3/01/2013	9,869.00	-	9,869.00
6/01/2013	9,869.00	-	9,869.00
9/01/2013	9,869.00	-	9,869.00
12/01/2013	9,869.00	-	9,869.00

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2014	9,869.00	-	9,869.00
6/01/2014	9,869.00	-	9,869.00
9/01/2014	9,869.00	-	9,869.00
12/01/2014	9,869.00	-	9,869.00
3/01/2015	9,869.00	-	9,869.00
6/01/2015	9,869.00	-	9,869.00
9/01/2015	9,869.00	-	9,869.00
12/01/2015	9,869.00	-	9,869.00
3/01/2016	9,869.00	-	9,869.00
6/01/2016	9,869.00	-	9,869.00
9/01/2016	9,869.00	-	9,869.00
12/01/2016	9,869.00	-	9,869.00
3/01/2017	9,869.00	-	9,869.00
6/01/2017	9,869.00	-	9,869.00
9/01/2017	9,869.00	-	9,869.00
12/01/2017	9,869.00	-	9,869.00
3/01/2018	9,869.00	-	9,869.00
6/01/2018	9,869.00	-	9,869.00
9/01/2018	9,869.00	-	9,869.00
12/01/2018	9,869.00	-	9,869.00
3/01/2019	9,869.00	-	9,869.00
6/01/2019	9,869.00	-	9,869.00
9/01/2019	9,868.00	-	9,868.00
12/01/2019	9,868.00	-	9,868.00
3/01/2020	9,868.00	-	9,868.00
6/01/2020	9,868.00	-	9,868.00
9/01/2020	9,868.00	-	9,868.00
12/01/2020	9,868.00	-	9,868.00
3/01/2021	9,868.00	-	9,868.00
6/01/2021	9,868.00	-	9,868.00
9/01/2021	9,868.00	-	9,868.00
12/01/2021	9,868.00	-	9,868.00
3/01/2022	9,868.00	-	9,868.00
6/01/2022	9,868.00	-	9,868.00
9/01/2022	9,868.00	-	9,868.00
12/01/2022	9,868.00	-	9,868.00
3/01/2023	9,868.00	-	9,868.00
6/01/2023	9,868.00	-	9,868.00
9/01/2023	9,868.00	-	9,868.00
12/01/2023	9,868.00	-	9,868.00
3/01/2024	9,868.00	-	9,868.00
6/01/2024	9,868.00	-	9,868.00
9/01/2024	9,868.00	-	9,868.00
12/01/2024	9,868.00	-	9,868.00
3/01/2025	9,868.00	-	9,868.00
6/01/2025	9,868.00	-	9,868.00
9/01/2025	9,868.00	-	9,868.00
12/01/2025	9,868.00	-	9,868.00
3/01/2026	9,868.00	-	9,868.00
6/01/2026	9,868.00	-	9,868.00

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2026	9,868.00	-	9,868.00
12/01/2026	9,868.00	-	9,868.00
3/01/2027	9,868.00	-	9,868.00
6/01/2027	9,868.00	-	9,868.00
9/01/2027	9,868.00	-	9,868.00
12/01/2027	9,868.00	-	9,868.00
3/01/2028	9,868.00	-	9,868.00
6/01/2028	9,868.00	-	9,868.00
9/01/2028	9,868.00	-	9,868.00
12/01/2028	9,868.00	-	9,868.00
3/01/2029	9,868.00	-	9,868.00
6/01/2029	9,868.00	-	9,868.00
9/01/2029	9,868.00	-	9,868.00
12/01/2029	9,868.00	-	9,868.00
3/01/2030	9,868.00	-	9,868.00
6/01/2030	9,868.00	-	9,868.00
9/01/2030	9,868.00	-	9,868.00
12/01/2030	9,868.00	-	9,868.00
3/01/2031	9,868.00	-	9,868.00
6/01/2031	9,868.00	-	9,868.00
9/01/2031	9,868.00	-	9,868.00
12/01/2031	9,868.00	-	9,868.00
3/01/2032	9,868.00	-	9,868.00
6/01/2032	9,868.00	-	9,868.00
9/01/2032	9,868.00	-	9,868.00
12/01/2032	9,868.00	-	9,868.00
3/01/2033	9,868.00	-	9,868.00
6/01/2033	9,868.00	-	9,868.00
9/01/2033	9,868.00	-	9,868.00
12/01/2033	9,868.00	-	9,868.00
3/01/2034	9,868.00	-	9,868.00
6/01/2034	9,868.00	-	9,868.00
9/01/2034	9,868.00	-	9,868.00
12/01/2034	9,868.00	-	9,868.00
3/01/2035	9,868.00	-	9,868.00
6/01/2035	9,868.00	-	9,868.00
9/01/2035	9,868.00	-	9,868.00
12/01/2035	9,868.00	-	9,868.00
3/01/2036	9,868.00	-	9,868.00
6/01/2036	9,868.00	-	9,868.00
9/01/2036	9,868.00	-	9,868.00
12/01/2036	9,868.00	-	9,868.00
3/01/2037	9,868.00	-	9,868.00
6/01/2037	9,868.00	-	9,868.00
9/01/2037	9,868.00	-	9,868.00
12/01/2037	9,868.00	-	9,868.00
3/01/2038	9,868.00	-	9,868.00
6/01/2038	9,868.00	-	9,868.00
9/01/2038	9,868.00	-	9,868.00
12/01/2038	9,868.00	-	9,868.00

Town of Masontown (West Virginia)

Loan of \$1,500,000

40 Years, 0% Interest Rate

Closing Date: August 22, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2039	9,868.00	-	9,868.00
6/01/2039	9,868.00	-	9,868.00
9/01/2039	9,868.00	-	9,868.00
12/01/2039	9,868.00	-	9,868.00
3/01/2040	9,868.00	-	9,868.00
6/01/2040	9,868.00	-	9,868.00
9/01/2040	9,868.00	-	9,868.00
12/01/2040	9,868.00	-	9,868.00
3/01/2041	9,868.00	-	9,868.00
6/01/2041	9,868.00	-	9,868.00
Total	1,500,000.00	-	1,500,000.00

YIELD STATISTICS

Bond Year Dollars.....	\$31,349.30
Average Life.....	20.900 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	9.44E-11
Bond Yield for Arbitrage Purposes.....	9.44E-11
All Inclusive Cost (AIC).....	9.44E-11

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	20.900 Years

(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:

08/09/01
745200.97001



Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information

August 22, 2001

Town of Masontown
Sewer Revenue Bonds, Series 2001 B
(West Virginia Infrastructure Fund)

Town of Masontown
Masontown, 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 Masontown (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$1,500,000 Sewer Revenue Bonds, Series 2001 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 August 22, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, and ending June 1, 2041, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.



The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purpose of (i) paying a portion of the costs of acquisition and construction of a new public sewerage system of the Issuer (the "Project"); (ii) paying in full the Issuer's portion of the principal of and service charge on the STEP I and STEP II loans owed by Valley Sanitary District and assumed in part by the Issuer; and (iii) 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 July 30, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (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, to enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the 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 2001 A (United States Department of Agriculture), dated August 22, 2001, issued concurrently herewith in the original aggregate principal amount of \$850,000, 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.

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

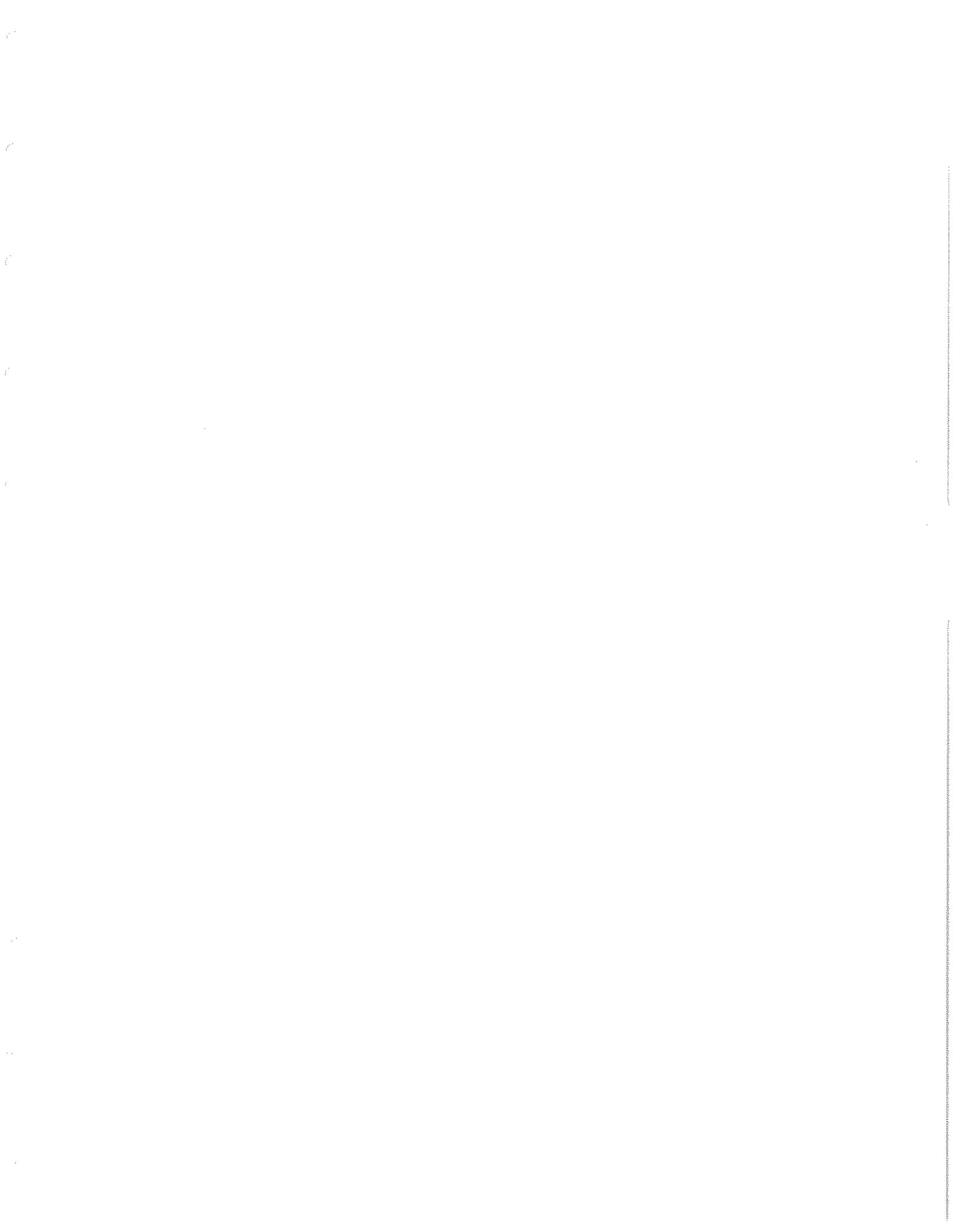
It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws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

We have examined the executed and authenticated Bond numbered 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 PLLC





Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information

August 22, 2001

Town of Masontown
Sewer Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

Town of Masontown
Masontown, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Masontown in Preston County, West Virginia (the "Issuer"), of its \$850,000 Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on July 30, 2001, and a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is duly created and validly existing municipal corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds on a parity with the Issuer's Sewer Revenue Bonds,



Series 2001 B (West Virginia Infrastructure Fund), issued concurrently herewith, and subject to no other prior lien granted under the Act.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

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

6. The 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 interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

Very truly yours,



STEPTOE & JOHNSON PLLC

August 22, 2001

Town of Masontown
Sewer Revenue Bonds, Series 2001 B
(West Virginia Infrastructure Fund)

Town of Masontown
Masontown, 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 Masontown (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$1,500,000 Sewer Revenue Bonds, Series 2001 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 August 22, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, and ending June 1, 2041, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purpose of (i) paying a portion of the costs of acquisition and construction of a new public sewerage system of the Issuer (the "Project"); (ii) paying in full the Issuer's portion of the principal of and service charge on the STEP I and STEP II loans owed by Valley Sanitary District and assumed in part by the Issuer; and (iii) 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 July 30, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (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, to enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the 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 2001 A (United States Department of Agriculture), dated August 22, 2001, issued concurrently herewith in the original aggregate principal amount of \$850,000, 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.

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

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

We have examined the executed and authenticated Bond numbered 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 PLLC

Sheila Kae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314

202 TUNNELTON STREET

Kingwood, West Virginia 26537

(304) 329-1173

(304) 329-1203 FAX

August 22, 2001

Town of Masontown
Sewer Revenue Bonds, Series 2001 A
(United States Department of Agriculture)

Town of Masontown
Masontown, West Virginia

United States Department
of Agriculture
Morgantown, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Masontown, a municipal corporation, in Preston County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a Bond Ordinance duly enacted by the Issuer on July 30, 2001, and a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (collectively, the "Bond Legislation"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation when used herein.

I am of the opinion that:

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

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

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

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

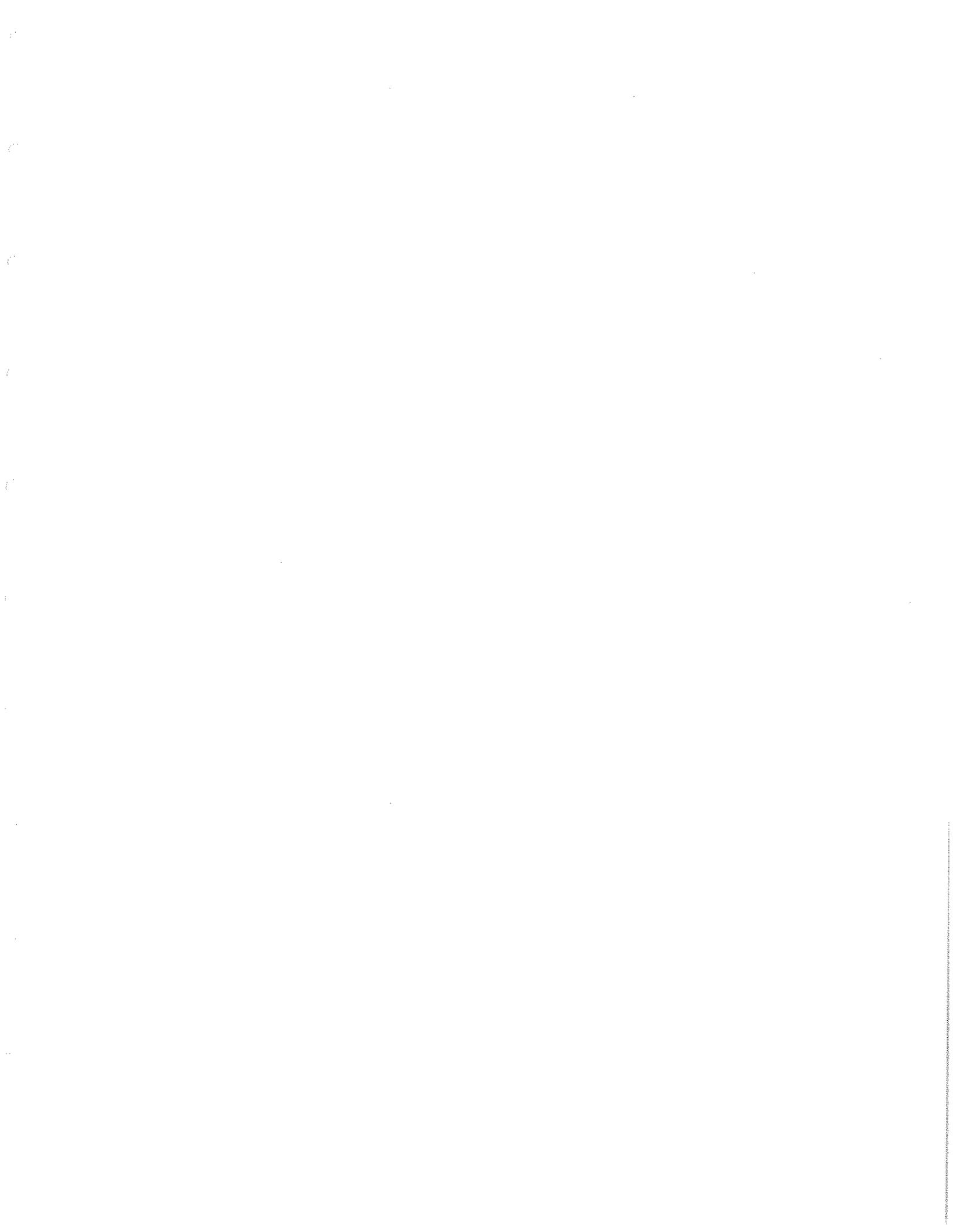
6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Bond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

A handwritten signature in cursive script that reads "Sheila Kae Williams". The signature is written in dark ink and is positioned above the printed name.

Sheila Kae Williams, Esquire



Sheila Rae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314

202 TUNNELTON STREET

Kingwood, West Virginia 26537

(304) 329-1173

(304) 329-1203 FAX

August 22, 2001

Town of Masontown
Sewer Revenue Bonds, Series 2001 B
(West Virginia Infrastructure Fund)

Town of Masontown
Masontown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Masontown, a municipal corporation, in Preston County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2001 B Bonds dated August 22, 2001, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the Bond Ordinance duly enacted by the Issuer on July 30, 2001, as supplemented by the Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (collectively, the "Bond Legislation"), the Petition of the Sanitary Board adopted on June 28, 2001, and other documents, papers, agreements, instruments and certificates relating to the abovementioned Bonds of the Issuer (collectively, 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.

I am of the opinion that:

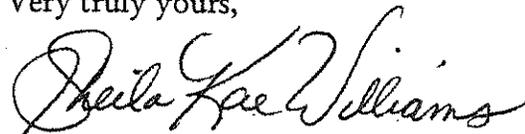
1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.
3. The Mayor, Recorder and members of the council and the Sanitary Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.
5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from the West Virginia Department of Environmental Protection, the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Orders of the Public Service Commission of West Virginia entered on July 23, 2000 and August 15, 2001, in Case No. 99-1836-S-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order entered July 23, 2000, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the Commission Order entered August 15, 2001, has not expired prior to the date hereof. Both the Issuer and the Commission have stated, however, that they will not appeal such Commission Order. Such Commission Order is not appealable except by a party thereto.

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

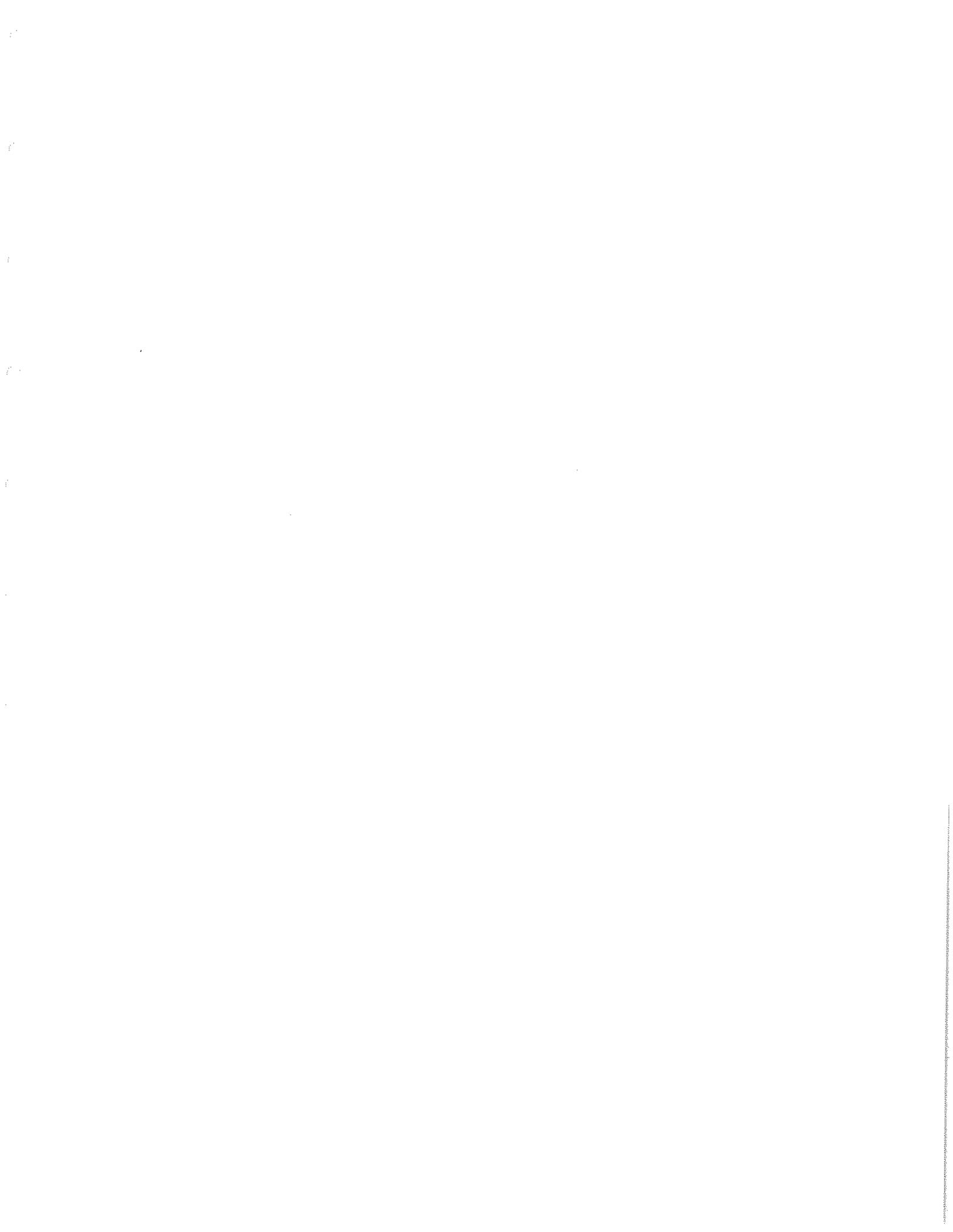
8. I have verified that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance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

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

Very truly yours,

A handwritten signature in cursive script that reads "Sheila Kae Williams". The signature is written in black ink and is positioned above the typed name.

Sheila Kae Williams, Esquire



Sheila Kae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314

202 TUNNELTON STREET

Kingwood, West Virginia 26537

(304) 329-1173

(304) 329-1203 FAX

August 22, 2001

Town of Masontown
P. O. Box 340
Masontown, WV 26542

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

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

Steptoe & Johnson PLLC
P. O. Box 1588
Charleston, WV 25326

Re: Final Title Opinion for the Town of
Masontown, West Virginia, Sewer Project

Ladies and Gentlemen:

The undersigned represents the Town of Masontown (the "Issuer") with regard to a proposed project to construct a Wastewater Treatment Plant and sewer line work (the "Project") and provides this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. I am of the opinion that the Town of Masontown is a duly created and validly existing municipality possessed with all of the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer, through its consulting engineers, Cerrone Associates, Inc., and in

accordance with the written representations of the consulting engineers as to the necessary permits and approvals required, has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project and Schedule of Line Easements and Property Purchases required for the Project prepared by Cerrone Associates, Inc., the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Preston County, West Virginia, the county in which the Project is to be located, and, in my opinion, based upon the Schedule of Line Easements and Property Purchases prepared by Cerrone Associates, Inc., the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

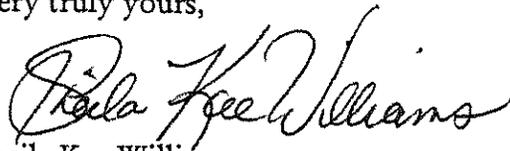
5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Preston County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and my certification is subject to the following pending litigation:

Name	Tax Map	Parcel
Blosser, Charles	Valley Dist. 30	48
Blosser, Donald & Karen	Valley Dist. 30	16
Buda, Juanita	Valley Dist. 13	69, 69.1, and 55.2
Chidester, Hazel C. Heirs	Valley Dist. 32	54
Friend, James L. & Pamela	Valley Dist. 13	71.1 and 70.1
Johnson, Tonya	Valley Dist. 19	17
McCrobie, Gary J. & Rita	Valley Dist. 30	15
Metheny, Howard & Betty	Masontown 3	2
Murray, Donald, et. al.	Valley Dist. 19	41
Polce, James R. & Janice	Valley Dist. 13	45.1
Polce, James R. & Janice	Valley Dist. 30	48.1
Rehe, Harold J. & Donna	Valley Dist. 13	72.1 and 82.2
Rehe, John & Rilla, et. al.	Valley Dist. 13	6 and 6.1
Shaffer, Robert & Shirley	Valley Dist. 13	41 and 45
Shreve, Terry L. & Sharalyn J.	Valley Dist. 13	3.3
Stuck, Kenneth	Valley Dist. 13	67

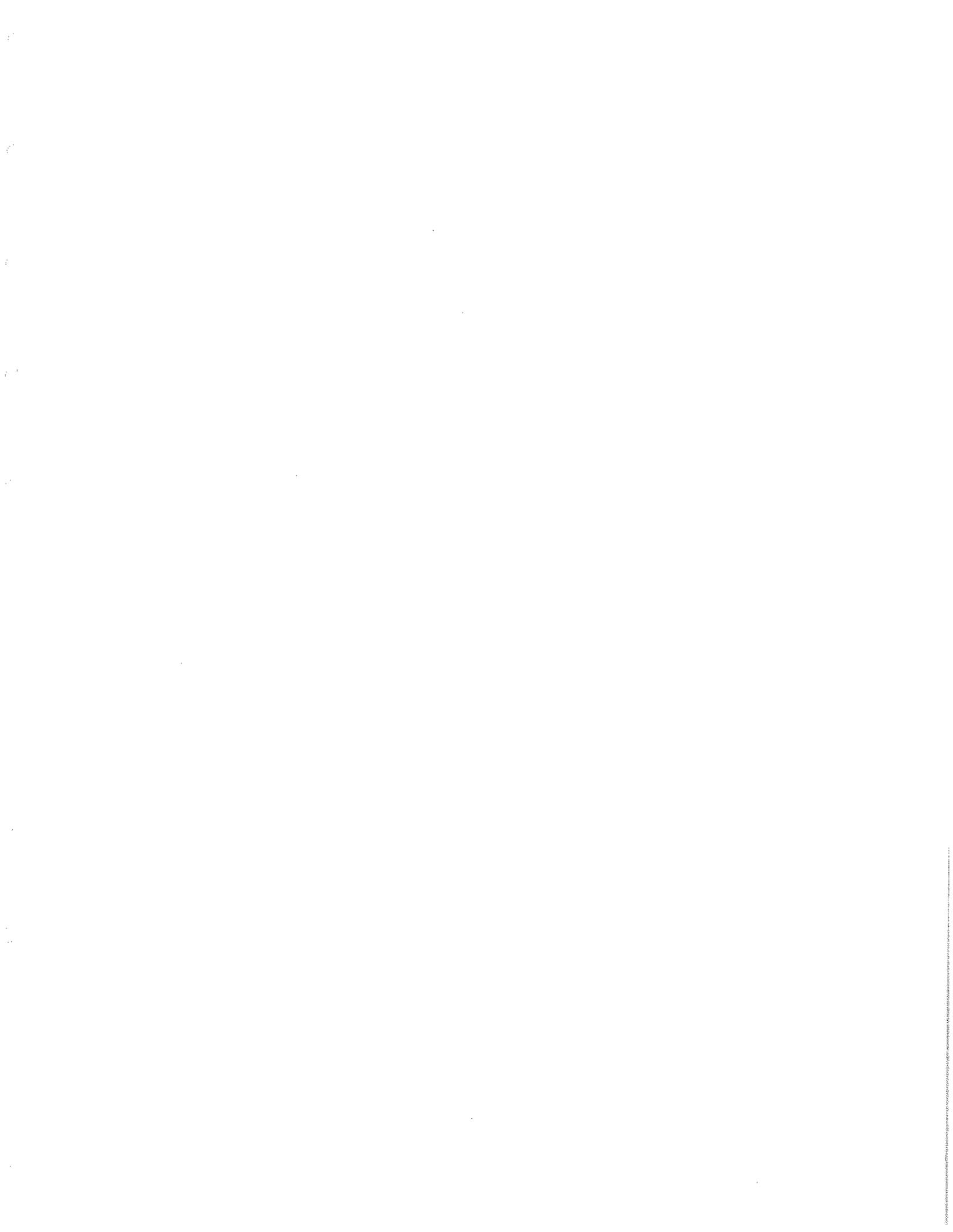
6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Preston County, West Virginia, to protect the legal title to and interest of the Issuer.

If you have any questions regarding any of the information contained in this final title opinion, or need anything further, please do not hesitate to let me know.

Very truly yours,


Sheila Kae Williams

SKW/tls



TOWN OF MASONTOWN

Sewer Revenue Bonds,
Series 2001 A (United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. RATE FILING WITH PSC
16. GRANTS
17. CONFLICT OF INTEREST
18. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Masontown, in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Town of Masontown Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$850,000 (the "Series 2001 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BOND: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2001 A Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from

the Purchaser, dated December 11, 1997, as amended on June 24, 1999, February 14, 2000, and July 27, 2001, and as appears in Section 7.03 of the Ordinance of the Issuer duly enacted on July 30, 2001, and the Supplemental Resolution duly adopted on July 30, 2001, authorizing issuance of the Series 2001 A Bonds (collectively, the "Ordinance" or "Bond Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Ordinance when used herein. The Series 2001 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2001 A Bonds or receipt of any grant moneys, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2001 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2001 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or the Council of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the acquisition, construction or operation of the new public sewerage system of the Issuer (the "Project"), a portion of the cost of which is being financed out of the proceeds of sale of the Series 2001 A Bonds; nor questioning the rates and charges provided for services of the System.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2001 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the System were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

The Issuer has received the Orders of the Public Service Commission of West Virginia entered on July 23, 2000 and August 15, 2001 in Case No. 99-1836-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 the Final Order entered July 23, 2001 has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order entered August 15, 2001 has not expired prior to the date hereof, however, such Commission Order is only appealable by a party thereto. The Commission has stated, and the Issuer hereby states, that they shall not appeal such Commission Order.

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

Other than the Series 2001 Bonds, there are no outstanding bonds or obligations of the Issuer which will be paid from revenues of the System.

5. **SIGNATURES, ETC.:** The undersigned Mayor and Recorder did, for the Issuer on the date hereof, officially execute and seal the Series 2001 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2001 A Bonds for the Issuer.

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

Bond Ordinance

Supplemental Resolution

USDA Letter of Conditions, with all amendments

Infrastructure Council Loan Agreement for Series 2001 B Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter

Oaths of Office of Council members and Officers

Ordinance Creating Sanitary Board

Petition of Sanitary Board

Sewer Rate Ordinance

Affidavit of Publication of Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of 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

Receipt for Payment of STEP I Loan

Receipt for Payment of STEP II Loan

Evidence of United States Department of Agriculture Grants

Evidence of Infrastructure Council Grant

Evidence of Small Cities Block Grant

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Town of Masontown." The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Preston County of said State. The governing body of the Issuer is its Council consisting of a Mayor and 5 council members, all duly elected or appointed (as applicable), qualified and acting, 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>
Lydia Main	-	Mayor July 1, 2001	June 30, 2003
Joseph Blaney, Jr.	-	Councilmember July 1, 2001	June 30, 2003
Wade Lowdermilk	-	Councilmember July 1, 2001	June 30, 2003
Phillip D. Turner	-	Councilmember July 1, 2001	June 30, 2003
Roxie A. Turner	-	Councilmember July 1, 2001	June 30, 2003
Marvin Stuck	-	Councilmember July 1, 2001	June 30, 2003

The duly elected and acting Mayor of the Issuer is Lydia Main. The duly appointed and acting Recorder of the Issuer is Sandra Ennis. The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	Lydia Main
Member	-	Joseph Dean, P.E.
Member	-	Harry Hawkins
Secretary/Treasurer	-	Conrad Price

The duly appointed and acting Counsel for the Issuer is Sheila K. Williams, Kingwood, West Virginia.

8. **DELIVERY AND PAYMENT AND USE OF PROCEEDS:** On the date hereof, the Series 2001 A Bonds were delivered to the Purchaser at Masontown, West Virginia, by the undersigned Mayor for the purposes set forth herein, and at the time of such delivery, the Series 2001 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Ordinance.

At the time of delivery of the Series 2001 A Bonds, the undersigned Mayor received \$110,000, being a portion of the principal amount of the Series 2001 A Bonds. Further advances of the balance of the principal amount of the Series 2001 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2001 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.875% per annum is payable from the date of each respective advance.

The Series 2001 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2001 A Bonds.

10. **MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.:** All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and

financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the official West Virginia Code of 1931, as amended, and a quorum of duly 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.

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

12. **CONNECTIONS, ETC.:** The Issuer has provided evidence that there will be at least 546 bona fide users to be served by the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

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 Preston County Journal*, a qualified newspaper of general circulation in the Town of Masontown, there being no newspaper being published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2001 A 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 30th day of July, 2001; at 6:00 p.m., at the Masontown 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. **RATE FILING WITH PSC:** Pursuant to West Virginia Code Section 24-2-4b, the Issuer has filed the rates and rules contained in the Rate Ordinance authorizing such rates and rules with the Public Service Commission of West Virginia.

16. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of \$1,000,000, the subsequent grants from the United States Department of Agriculture in the respective amounts of \$350,000 and \$396,000, the grant from the West Virginia Infrastructure and Jobs Development Council in the amount of \$500,000 and 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 \$1,250,000 are committed and in full force and effect. The Town of Reedsville has also pledged a \$380,000 tap fee to the Project.

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 Series 2001 A Bonds, the Bond Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Ordinance. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

WITNESS our signatures and the official corporate seal of the TOWN OF MASONTOWN on this 22nd day of August, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Lydia Mann

Mayor

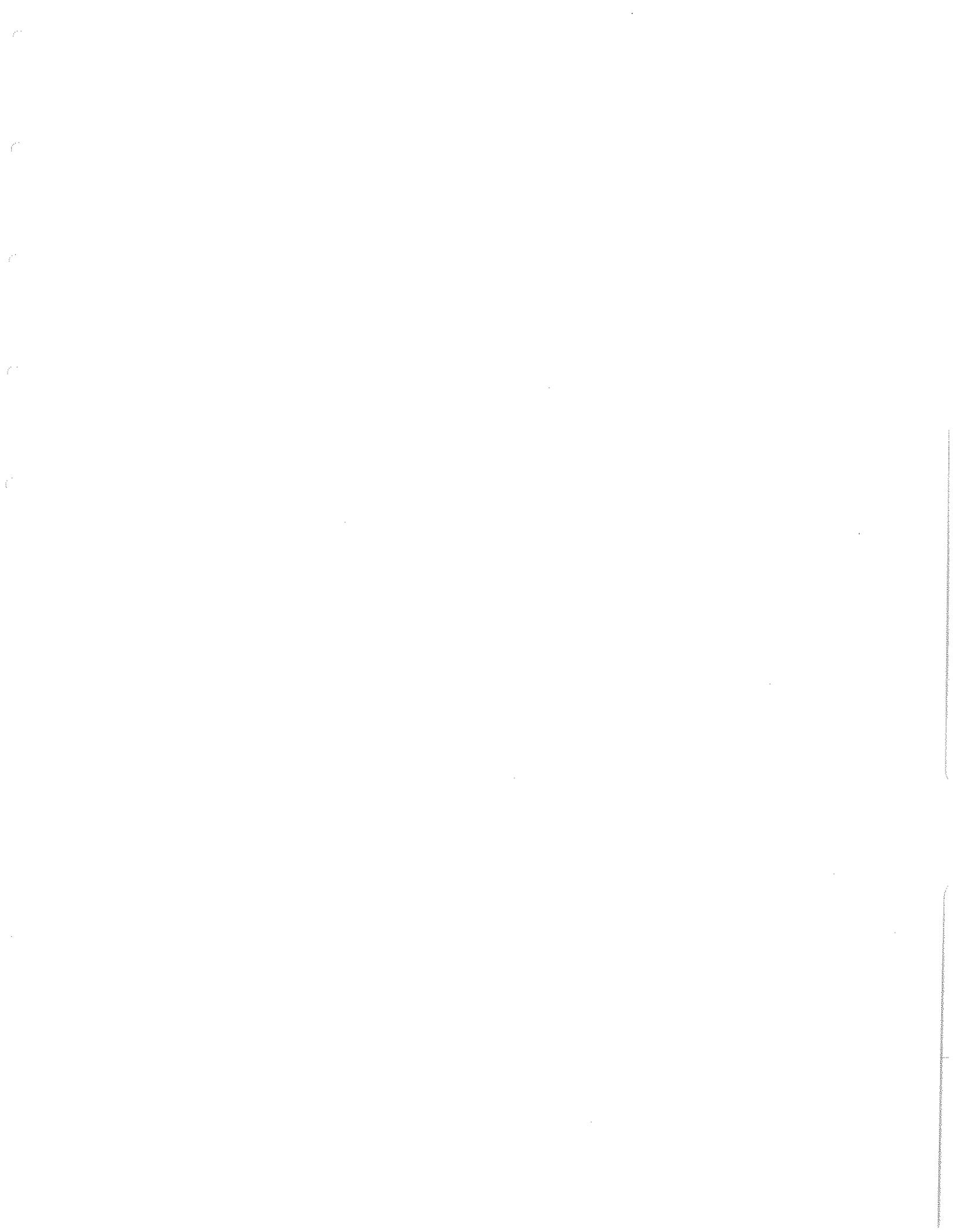
Sandra Erwin

Recorder

Debra Kay Williams

Attorney for Issuer

08/16/01
561890/98001



TOWN OF MASONTOWN

Sewer Revenue Bonds,
Series 2001 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 ORDERS
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. GRANTS
19. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Masontown in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2001 B Bonds" or 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 July 30, 2001, and the Supplemental Resolution duly adopted July 30, 2001 (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 Net 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, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the 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.

Other than the Series 2001 A Bonds issued concurrently herewith, there are no outstanding bonds or obligations of the Issuer which are secured by revenues of the System.

On the date hereof, the Issuer has paid in full the Issuer's portion of the principal of and service charge on the Step I and Step II loans of Valley Sanitary District in the amount of \$89,255.72.

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

USDA Letter of Conditions, with all amendments
Infrastructure Council Loan Agreement for Series 2001 B Bonds
Public Service Commission Orders
Infrastructure and Jobs Development Council Approval
Charter
Oaths of Office of Councilmembers and Officers
Ordinance Creating Sanitary Board
Petition of Sanitary Board
Sewer Rate Ordinance
Affidavit of Publication of Rate Ordinance and Notice of Public Hearing
Minutes on Adoption and Enactment of 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
Receipt for Payment of STEP I Loan
Receipt for Payment of STEP II Loan
Evidence of United States Department of Agriculture Grants
Evidence of Infrastructure Council Grant
Evidence of Small Cities Block Grant

6. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Town of Masontown". The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Preston County of said State. The governing body of the Issuer is its Council consisting of a Mayor and 5 council members, all duly elected or appointed (as applicable), qualified and acting, 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>
Lydia Main	- Mayor	July 1, 2001	June 30, 2003
Joseph Blaney, Jr.	- Councilmember	July 1, 2001	June 30, 2003
Wade Lowdermilk	- Councilmember	July 1, 2001	June 30, 2003
Phillip D. Turner	- Councilmember	July 1, 2001	June 30, 2003
Roxie A. Turner	- Councilmember	July 1, 2001	June 30, 2003
Marvin Stuck	- Councilmember	July 1, 2001	June 30, 2003

The duly elected and acting Mayor of the Issuer is Lydia Main. The duly appointed and acting Recorder of the Issuer is Sandra Ennis. The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	Lydia Main
Member	-	Joseph Dean, P.E.
Member	-	Harry Hawkins
Secretary/Treasurer	-	Conrad Pride

The duly appointed and acting Counsel for the Issuer is Sheila K. Williams, Kingwood, 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 and Loan Agreements 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 dates 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 January 13, 2000, setting rates and charges for the services of the System. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal, and such rates are currently effective.

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, 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 \$122,300 from the Authority and the Council, being a portion of the principal amount of the Series 2001 B Bonds. The balance of the principal amount of the Series 2001 B 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 Preston County Journal*, a qualified newspaper of general circulation in the Town of Masontown, 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 30th day of July, 2001, at 6:00 p.m., at the Masontown 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 ORDERS: The Issuer has received the Orders of the Public Service Commission of West Virginia entered on July 23, 2000 and August 15, 2001 in Case No. 99-1836-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order entered July 23, 2000 has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order entered August 15, 2001, has not expired prior to the date hereof, however, such Commission Order is only appealable by a party thereto. The Commission has stated, and the Issuer hereby states, that they shall not appeal such Commission Order.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

17. CONFLICT OF INTEREST: No officer or employee of the Issuer or the Board 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. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of \$1,000,000, the subsequent grants from the United States Department of Agriculture in the respective amounts of \$350,000 and

\$396,000, the grant from the West Virginia Infrastructure and Jobs Development Council in the amount of \$500,000, and 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 \$1,250,000 are committed and in full force and effect. The Town of Reedsville has also pledged a \$380,000 tap fee to the Project.

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

WITNESS our signatures and the official seal of the TOWN OF MASON TOWN on this 22nd day of August, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Rydia Mann

Mayor

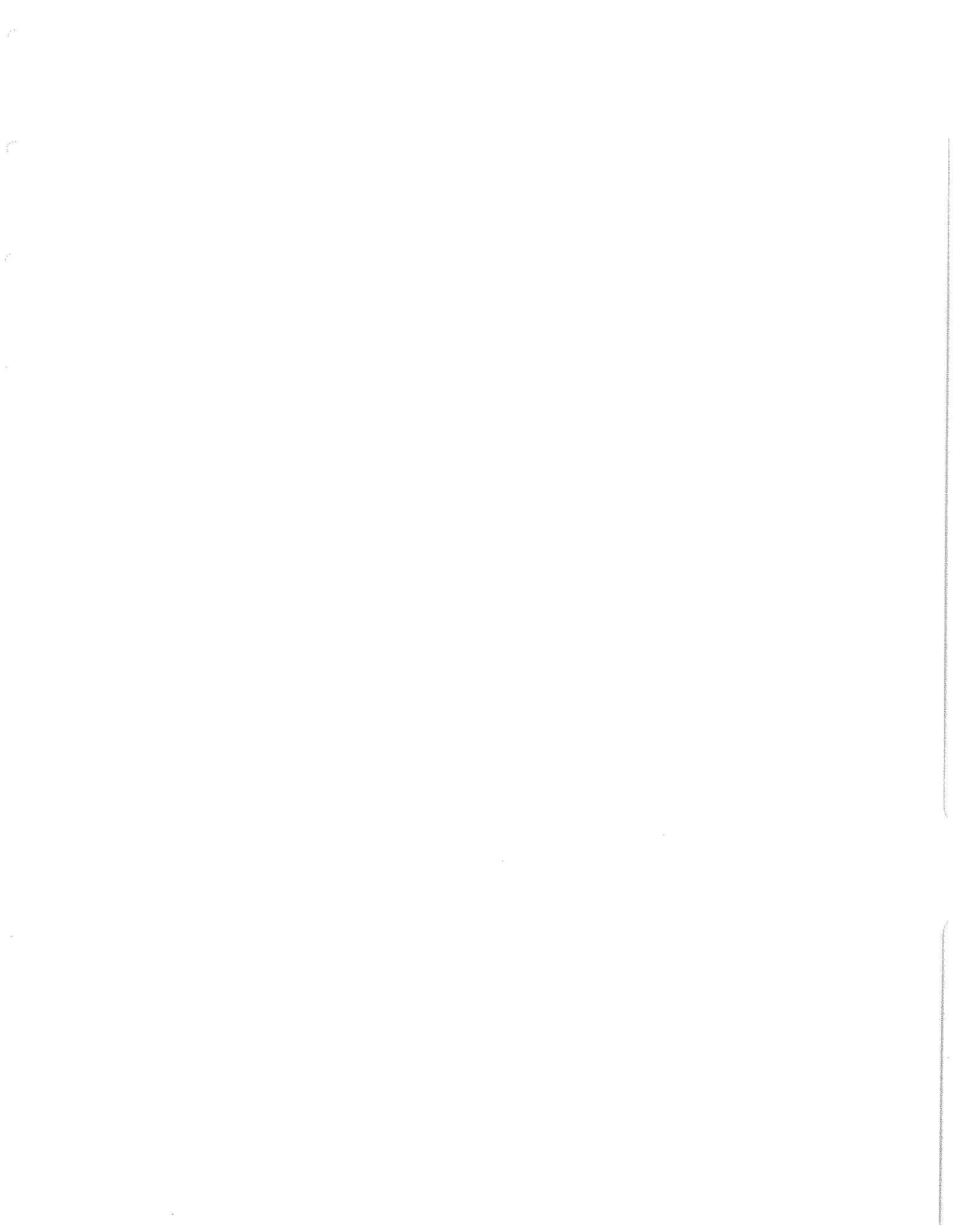
Sandra Evans

Recorder

Sheila G. Williams

Counsel to the Issuer

08/16/01
561890/98001



TOWN OF MASONTOWN

Sewer Revenue Bonds,
Series 2001 A (United States Department of Agriculture) and
Series 2001 B (West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of a new public sewerage system (the "Project") of the Town of Masontown (the "Issuer") to be constructed primarily in Preston 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 Resolution adopted by the Issuer on July 30, 2001, as supplemented by the Supplemental Resolution adopted by the Issuer on July 30, 2001, the Letter of Conditions of the Rural Utilities Service (the "RUS") for the Series 2001 A Bonds, dated December 11, 1997, as amended (the "Letter of Conditions"), and the Loan Agreement for the Series 2001 B Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated August 22, 2001 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) paying the Issuer's portion of the STEP I and STEP II Loans of Valley Sanitary District; and (iii) paying costs of issuance and related costs.

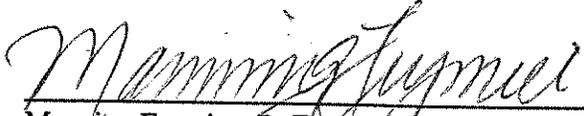
3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by RUS, the Authority and the Council, and any change orders approved by the Issuer, RUS, the Council, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Sheila K. Williams, Esquire, will, prior to the Issuer executing the construction contracts for the Project, ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds

and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the West Virginia Department of Environmental Protection and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Roth & White, CPA, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Letter of Conditions and the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by RUS, the Authority and the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 22nd of August, 2001.

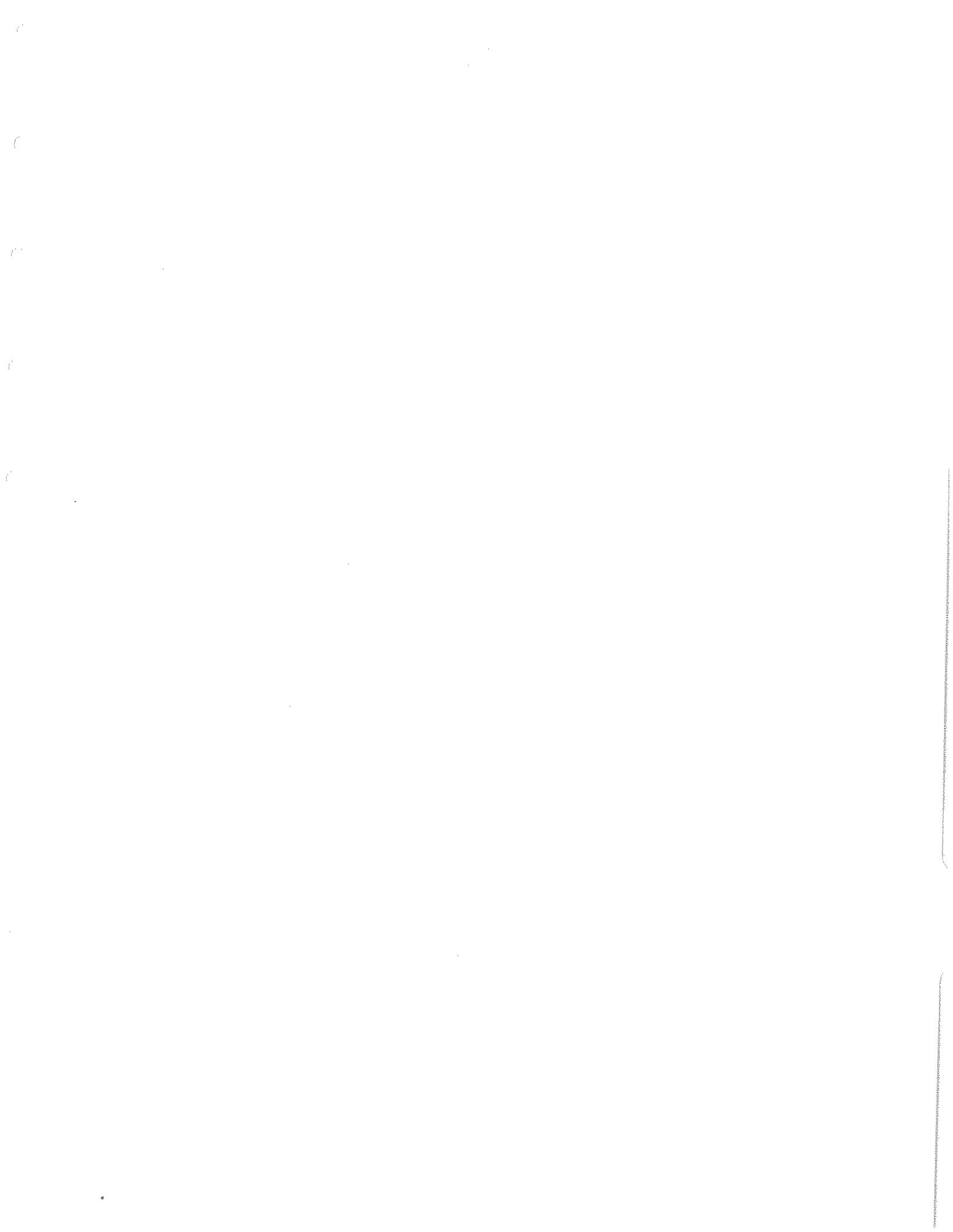
CERRONE ASSOCIATES, INC.

(SEAL)


Manning Frymier, P. E.
West Virginia License No. 8497

08/15/01
561890.98001

CH694435.2



ROTH & WHITE, A.C.
CERTIFIED PUBLIC ACCOUNTANTS
202 Tunnelton Street
Kingwood, WV 26537
(304) 329-1020

August 22, 2001

Town of Masontown
Sewer Revenue Bond
Series 2001 A (United States Department of Agriculture)
and Series 2001 B (West Virginia Infrastructure Fund)

Town of Masontown
Masontown, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

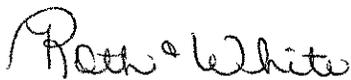
West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

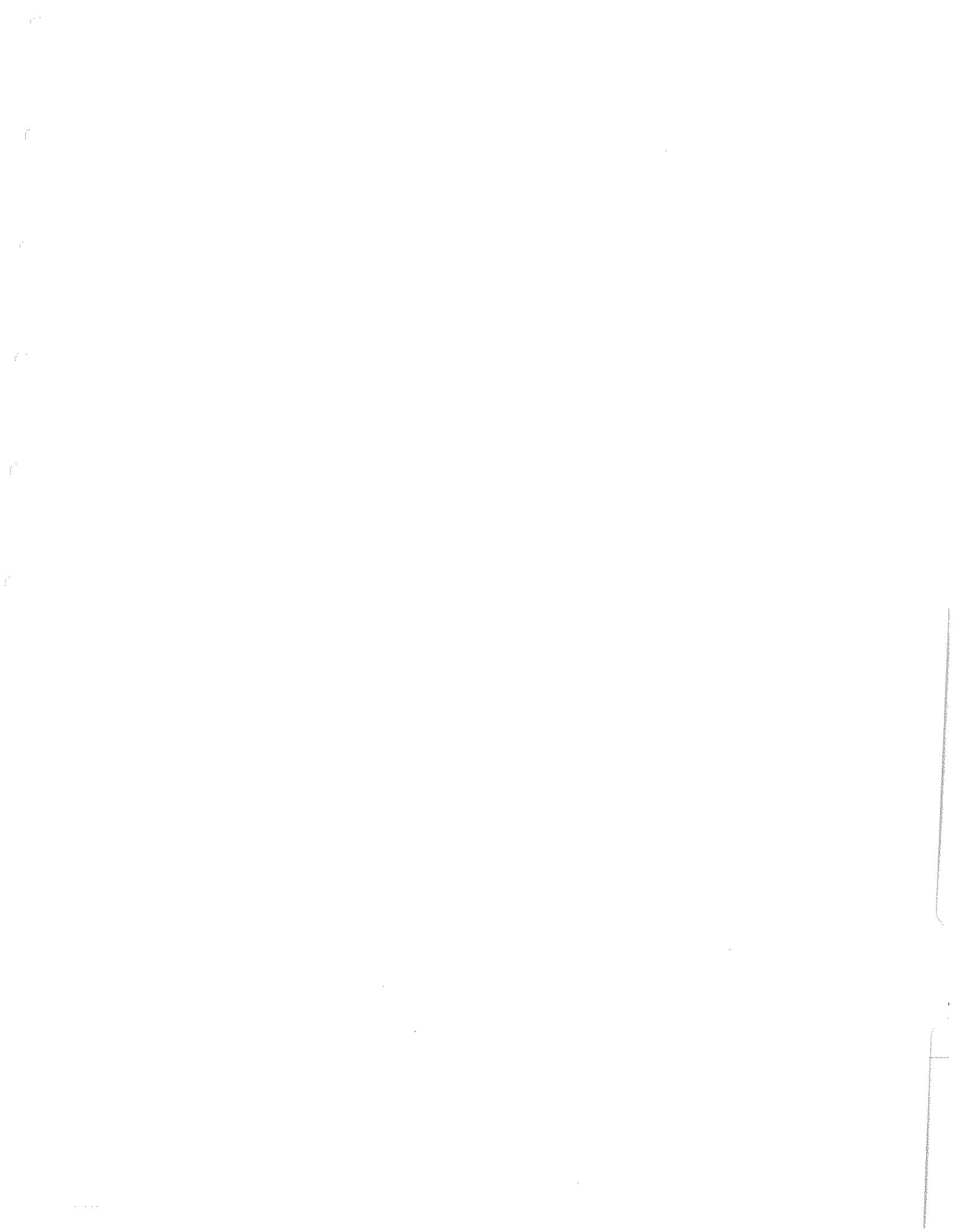
Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the Town of Masontown (the "Issuer"), enacted January 13, 2000, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Cerrone & Associates, Inc., Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of 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 2001 A (United States Department of Agriculture) and Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund) (collectively, the "Bonds").

Very truly yours,



Roth & White, A.C.



TOWN OF MASONTOWN

Sewer Revenue Bonds, Series 2001 B
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Masontown in Preston County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,500,000 Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), dated August 22, 2001 (the "Series 2001 B Bonds" or the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly adopted by the Issuer on July 30, 2001 (the "Bond Ordinance"), authorizing the Bonds.
2. This certificate may be relied upon as the certificate of the Issuer.
3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 22, 2001, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$122,300, being a portion of the principal amount of the Series 2001 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.
4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.
5. The Series 2001 B Bonds were sold on August 22, 2001, to the Authority, pursuant to a loan agreement dated August 22, 2001, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$1,500,000 (100% of par), at which time, the Issuer received \$122,300 from the Authority and the

Council, being the first advance of the principal amount of the Series 2001 B Bonds. No accrued interest has been or will be paid on the Series 2001 B Bonds. The balance of the principal amount of the Series 2001 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2001 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of a new public sewerage system of the Issuer (the "Project"); (ii) paying the Issuer's portion of the STEP I Loan and STEP II Loan of Valley Sanitary District; and (iii) paying certain costs of issuance of the Series 2001 B Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Series 2001 B Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before December 22, 2002. The acquisition and construction of the Project is expected to be completed by October 22, 2002.

8. The total cost of the Project is estimated at \$6,226,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2001 A Bonds	\$ 850,000
Proceeds of the Series 2001 B Bonds	\$ 1,500,000
Small Cities Block Grant	\$ 1,250,000
West Virginia Infrastructure Fund Grant	\$ 500,000
United States Department of Agriculture Grants (3 Grants)	\$ 1,746,000
Funds Obtained from Tap Fees	\$ <u>380,000</u>
Total Sources	\$ <u>6,226,000</u>

USES

Costs of Acquisition and Construction of the Project	\$6,107,244.28
Repayment of STEP I and STEP II Loans	\$ 89,255.72
Costs of Issuance	<u>\$ 29,500.00</u>
Total Uses	<u>\$6,226,000.00</u>

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2001 B Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2001 B Bonds Construction Trust Fund;
- (4) Series 2001 B Bonds Sinking Fund; and
- (5) Series 2001 B Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Series 2001 B Bonds will be deposited as follows:

(1) Series 2001 B Bonds proceeds in the amount of \$-0- will be deposited in the Series 2001 B Bonds Reserve Account.

(2) Series 2001 B Bonds proceeds in the amount of \$57,000 shall be paid to the Authority to be applied to the Issuer's portion of the principal of and service charge on the STEP I and STEP II Loans of Valley Sanitary District to pay such loans in full.

(3) The balance of the proceeds of the Series 2001 B Bonds will be deposited in the Series 2001 B Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2001 B Bonds and related costs.

11. Moneys held in the Series 2001 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2001 B Bonds and will not be available

to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2001 B Bonds Sinking Fund and Series 2001 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2001 B Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 14 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2001 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 16 months from the date of issuance thereof.

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

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

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

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

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

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

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2001 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2001 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2001 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2001 B Bonds Reserve Account and the Series 2001 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

24. Other than the Series 2001 A Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

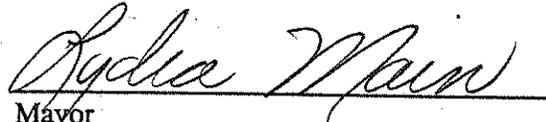
25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature on this 22nd day of August, 2001.

TOWN OF MASONTOWN



Mayor

08/15/01
561890/98001

CH703818.2

INCORPORATION OF TOWN OF MASONTOWN.

STATE OF WEST VIRGINIA,

At a Circuit Court held in and for the County of Preston at the Court House thereof on the 26th day of May, 1905.

A certificate under oath of E. M. Hartley, A. G. Mansar, and M. D. Cyphert, was this day filed, showing that a majority of all the qualified voters residing in the following boundary, to wit: BEGINNING, at a stone at the south east corner of J. E. Hartley's wagon shed, thence S. $17\frac{1}{2}^{\circ}$ E. 96.4 poles to a stone in E. E. Cobun's field, thence S. $72\frac{1}{2}^{\circ}$ W. 75.9 poles to the south east corner to Cemetery, thence with a line of same N. 79° W. 24.5 poles to south west corner of said cemetery, thence 12° W. 74.4 poles to a stone in a line of F. M and M. H. Taylor's, thence with said Taylor and the line of the new addition to Masontown, N. $60^{\circ} 55'$ W. 106.3 poles to a stone pile, thence with three other lines of said addition N. $34\frac{3}{4}^{\circ}$ W. 51.5 poles to a stake, N. $21\frac{3}{4}^{\circ}$ E. 37.7 poles to a fallen white oak, N. $83\frac{1}{2}^{\circ}$ E. 46.6 poles to a fallen white oak, thence leaving said addition N. 7° E. 68 poles to a stone and maple pointers on the west side of the County road leading from the Ices Ferry and Tunnelton Pike, near Sanford Scott to the depot, thence N. 24° W. 35.4 poles to a fallen white oak, corner to the "Fall's Tract", S. R. Martin and others, thence with part of a line of said Martin N. 73° E. 202 poles to a post, corner to S. R. Martin and Sanford Scott, thence S. $69^{\circ} 41'$ E. 120.8 poles to the beginning, containing one hundred and seventy four and ninety two one hundredth acres (174.92) and lying in the District of Valley, County of Preston and State of West Virginia, having been given in due form of law in favor of the incorporation of the "Town of Masontown" in that county of Preston bounded as herein set forth.

And it appearing to the Satisfaction of the Court, that all

the provisions of Chapter forty seven of the Code of West Virginia have been complied with by the applicants for said corporation, the said town is duly authorized within the corporate limits of its aforesaid to exercise all the corporate powers conferred by the said chapter from and after the date of this certificate.



Given under my hand and the seal of said Circuit Court, this seventh day of nineteen hundred and five and in the second year of the State.

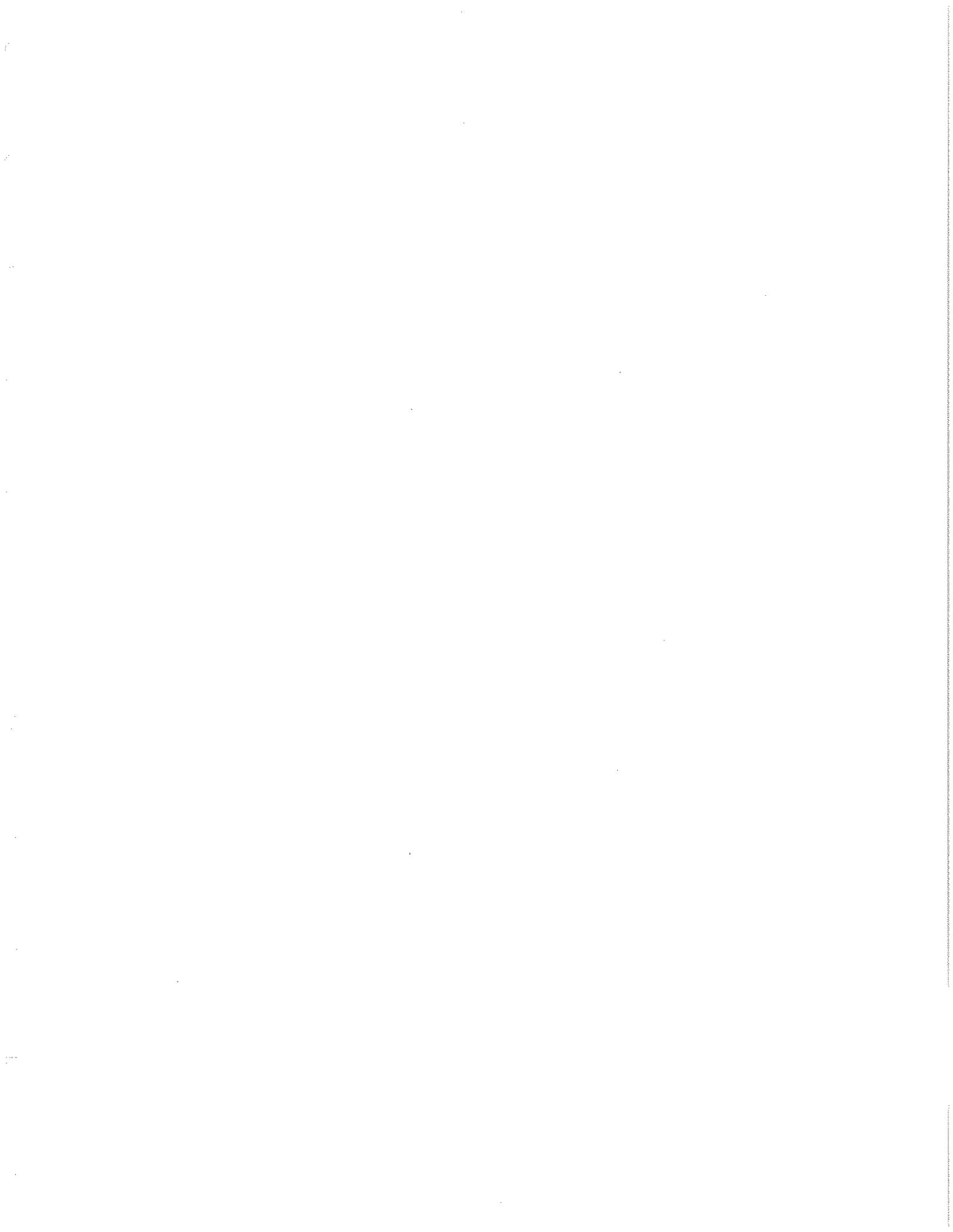
John W. Watson Clerk

State of West Virginia, County of Preston, to wit:

On the 11th day of July 1905, the foregoing Certificate of Incorporation of the Town of Valentown, was produced to me in my office and therein admitted to record.

Teste,

Geo. S. Wells Clerk



**TOWN OF MASONTOWN
P.O. BOX 340
MASONTOWN, WV 26542
PHONE (304) 864-5555**

Mayor:
Joe Blaney Jr.

STATE OF WEST VIRGINIA
COUNTY OF PRESTON
TOWN OF MASONTOWN - TO WIT

Recorder:

Dan Luzier

Councilpersons:

Perry Mathew

Wade Lowdermilk

Conrad Pride

Marvin Stuck

Nancy Cipolloni - Ervin

I *Lydia D. Main* DO
SOLEMLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION
OF THE UNITED STATES, THE CONSTITUTION OF THE STATE
OF WEST VIRGINIA, AND THAT I WILL FAITHFULLY
DISCHARGE THE DUTIES OF THE OFFICE OF
MAYOR, IN
THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY
ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

Lydia D. Main

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,
THIS *28th* DAY OF *JUNE*,
2001.

[Signature]

OFFICE HOURS:

**TOWN OF MASONTOWN
P.O. BOX 340
MASONTOWN, WV 26542
PHONE (304) 864-5555**

Mayor:

Joe Blaney Jr.

Recorder:

Dan Luzier

Councilpersons:

Perry Mathew

Wade Lowdermilk

Conrad Pride

Marvin Stuck

Nancy Cipolloni - Ervin

STATE OF WEST VIRGINIA
COUNTY OF PRESTON
TOWN OF MASONTOWN - TO WIT.

I SANDRA ENNIS DO

SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION
OF THE UNITED STATES, THE CONSTITUTION OF THE STATE
OF WEST VIRGINIA, AND THAT I WILL FAITHFULLY
DISCHARGE THE DUTIES OF THE OFFICE OF

RECORDER, IN

THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY
ELECTED, TO THE BEST MY ABILITY, SO HELP ME GOD.

Sandra D Ennis

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,

THIS 28th DAY OF JUNE

2001.

[Signature]

OFFICE HOURS:
8 A.M. - 4 P.M.
MONDAY - FRIDAY

**TOWN OF MASONTOWN
P.O. BOX 340
MASONTOWN, WV 26542
PHONE (304) 864-5555**

Mayor:

STATE OF WEST VIRGINIA

COUNTY OF PRESTON

Joe Blaney Jr.

TOWN OF MASONTOWN - TO WIT

Recorder:

Dan Luzier

Councilpersons:

Perry Mathew

Wade Lowdermilk

Conrad Pride

Marvin Stuck

Nancy Cipolloni - Ervin

I MARVIN E. STUCK DO

SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION

OF THE UNITED STATES, THE CONSTITUTION OF THE STATE

OF WEST VIRGINIA, AND THAT I WILL FAITHFULLY

DISCHARGE THE DUTIES OF THE OFFICE OF

COUNCIL PERSON, IN

THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY

ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

M/E Stuck

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,

THIS 28th DAY OF JUNE,

2001.

[Signature]

OFFICE HOURS:

TOWN OF MASONTOWN
P.O. BOX 340
MASONTOWN, WV 26542
PHONE (304) 864-5555

Mayor:

STATE OF WEST VIRGINIA
COUNTY OF PRESTON
TOWN OF MASONTOWN - TO WIT

Joe Blaney Jr.

Recorder:

Dan Luzier

Councilpersons:

Perry Mathew

Wade Lowdermilk

Conrad Pride

Marvin Stuck

Nancy Cipolloni - Ervin

I Phillip D. Turner DO
SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION
OF THE UNITED STATES, THE CONSTITUTION OF THE STATE
OF WEST VIRGINIA, AND THAT I WILL FAITHFULLY
DISCHARGE THE DUTIES OF THE OFFICE OF
Council Person, IN
THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY
ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

Phillip D. Turner

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,
THIS 28th DAY OF JUNE,
2001.

[Signature]

OFFICE HOURS:

TOWN OF MASONTOWN
P.O. BOX 340
MASONTOWN, WV 26542
PHONE (304) 864-5555

Mayor: STATE OF WEST VIRGINIA
Joe Blaney Jr. COUNTY OF PRESTON
TOWN OF MASONTOWN - TO WIT

Recorder:

Dan Luzier

Councilpersons:

Perry Mathew

Wade Lowdermilk

Conrad Pride

Marvin Stuck

Nancy Cipolloni - Ervin

I Popie A. Swann DO
SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION
OF THE UNITED STATES, THE CONSTITUTION OF THE STATE
OF WEST VIRGINIA, AND THAT I WILL FAITHFULLY
DISCHARGE THE DUTIES OF THE OFFICE OF
Council, IN
THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY
ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

Popie A. Swann

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,
THIS 28th DAY OF JUNE
2001.

[Signature]

OFFICE HOURS:

TOWN OF MASONTOWN
P.O. BOX 340
MASONTOWN, WV 26542
PHONE (304) 864-5555

Mayor:

STATE OF WEST VIRGINIA
COUNTY OF PRESTON

Joe Blaney Jr.

TOWN OF MASONTOWN - TO WIT

Recorder:

Dan Luzier

Councilpersons:

Perry Mathew

Wade Lowdermilk

Conrad Pride

Marvin Stuck

Nancy Cipolloni - Ervin

I Wade B. Lowdermilk DO

SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION
OF THE UNITED STATES, THE CONSTITUTION OF THE STATE
OF WEST VIRGINIA, AND THAT I WILL FAITHFULLY
DISCHARGE THE DUTIES OF THE OFFICE OF

County, IN

THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY
ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

Wade B. Lowdermilk

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,

THIS 28th DAY OF JUNE

2001.

[Signature]

OFFICE HOURS:

TOWN OF MASONTOWN
P.O. BOX 340
MASONTOWN, WV 26542
PHONE (304) 864-5555

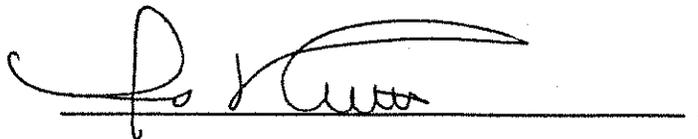
Mayor:
Joe Blaney Jr.
Recorder:
Dan Luzier
Councilpersons:
Perry Mathew
Wade Lowdermilk
Conrad Pride
Marvin Stuck
Nancy Cipolloni - Ervin

STATE OF WEST VIRGINIA
COUNTY OF PRESTON
TOWN OF MASONTOWN - TO WIT

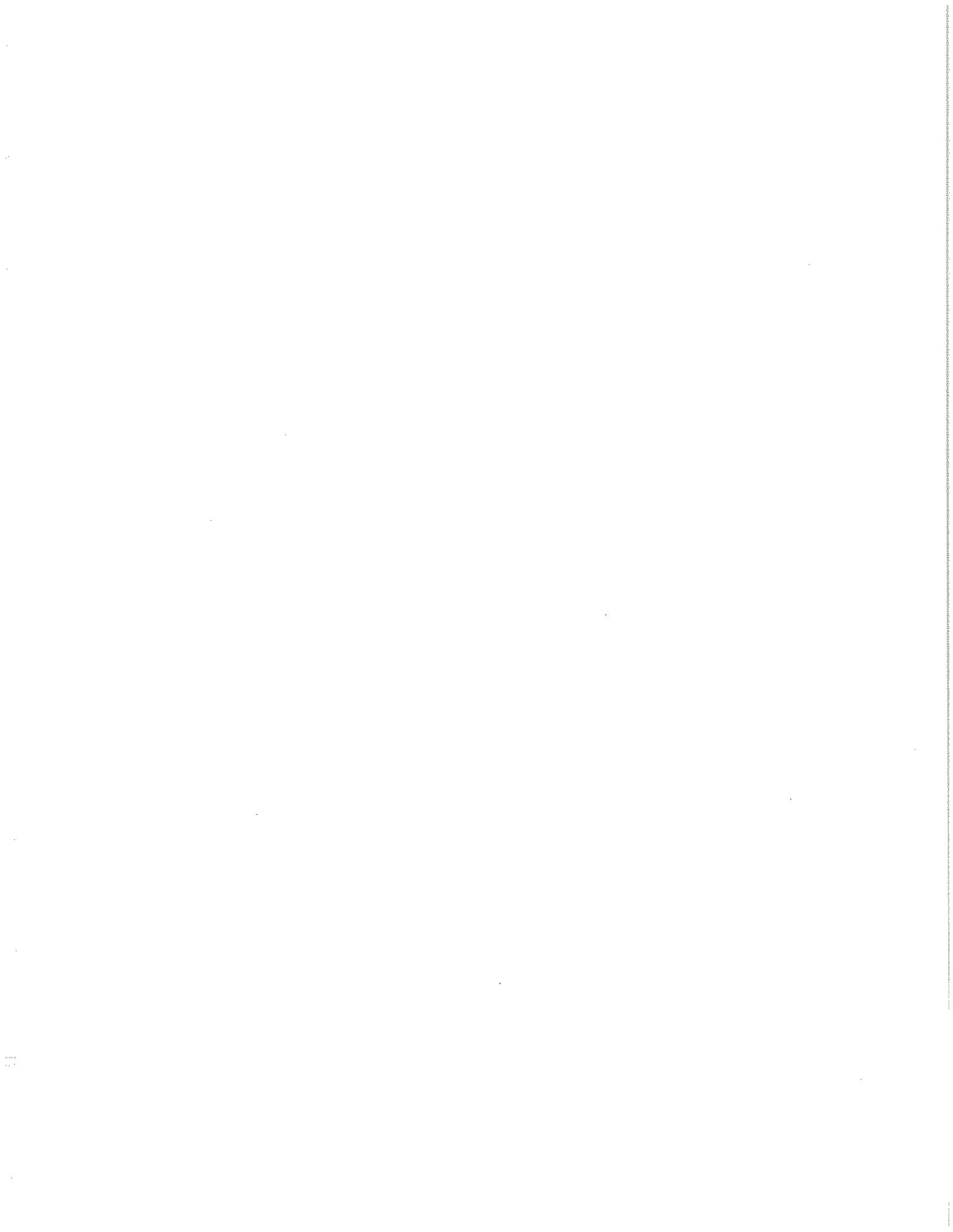
I Joseph D. Blaney Jr. DO
SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION
OF THE UNITED STATES, THE CONSTITUTION OF THE STATE
OF WEST VIRGINIA, AND THAT I WILL FAITHFULLY
DISCHARGE THE DUTIES OF THE OFFICE OF
Councilperson, IN
THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY
ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.



SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,
THIS 28th DAY OF June,
2001.



OFFICE HOURS:



10.

TOWN OF MASONTOWN
ORDINANCE CREATING A SANITARY BOARD
OF THE TOWN OF MASONTOWN

WHEREAS, the Town of Masontown (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 MASONTOWN AS FOLLOWS:

Section 1. The Council of the Town (the "Council") 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, 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, 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 as required under Section 9 hereof.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board shall receive such compensation, if any, for their services, either as a salary or as payments for meetings attended, as the Council may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. Any such compensation and expenses paid solely from funds derived from the System, but there shall be no liability upon the Town for any compensation 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 material 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.

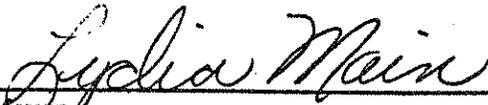
Section 10. Effective Date. This Ordinance shall take effect immediately following the second reading hereon.

Passed on First Reading:

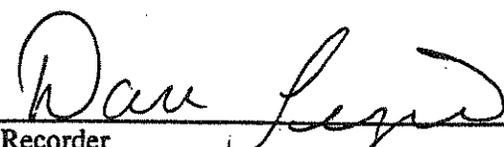
December 10, 1998

Passed on Second Reading:

January 14, 1999



Mayor



Recorder

REGULAR MEETING - DECEMBER 10, 1998

The Town Council of Masontown met in regular session at the Town Hall at 6:00 p.m. The meeting was called to order by the Mayor, Lydia Main. Members present were Marvin Stuck, Jean Friend, Conrad Pride, Perry Mathew and Delmer Gibson.

The minutes of the meeting of November 20, 1998, were read and approved.

The Chief reported that he had taken care of the problems with Doug Johnson's garbage, B & K Mart's parking and John Moons fence.

Perry reported that he had contacted Terry Cochran at Allegheny Power Company, in regard to getting the pole moved at the Corner of East Depot Street and Route #7. He was told not to "hold much faith" in getting this pole moved.

The Chief also reported that he had talked with Street's Store in regard to the trucks loading and unloading in front of the store (on Rt #7). They said they would do their best to take care of this problem.

An invitation from Cerrone and Associates to their Christmas Party was given to Council Members. There was not any interest shown from Council.

An Ordinance Creating A Sanitary Board of the Town of Masontown was discussed and questions were asked. A motion was made by Marvin Stuck and Seconded by Conrad Pride to pass this Ordinance through the First Reading. Motion carried.

It was announced that there would be a special Police Committee meeting on December 14, 1998, at 5:00 p.m.

The legal ad soliciting sealed bids on the new Town Hall has been placed in the Preston County Journal/News. Dan mentioned that he had a real concern about paying back the loan that will be needed to pay for this building.

Council is taking suggestions as to what they would like to buy for the Police Department with the recent \$1000 donation from the American Legion.

There will not be any council meeting until January 14th, 1999; because, the next regularly scheduled meeting falls on Christmas Eve. Also, Town Hall will close at noon on December 24th and on December 31st.

A letter was looked at by Council in regard to an upcoming raise in the cable.

Roy Deavers was thanked for his extra work since Dave Feather has been off.

It was decided to bag the parking meters in Town until after Christmas, to allow free parking.

A motion was made by Marvin Stuck to pay the bills. Delmer Gibson seconded the motion. Motion passed.

The Mayor reported that she is looking into the possibility of getting some streets in the Corporation repaired under the "Orphan Road Program". This is to be discussed further at our next meeting.

10311	SuperAmerica	Gas/Police	60.19
10312	WV State Treas. Office	CVR-LET-RJ For Nov.	2,070.00
10313	S & K Sanitation	November	1,665.72
10314	Alice Sines	½ Sal. 11/11 to 11/24/98	178.63
10315	A & A Office Helpers	Office Supplies	8.21
10316	Thomas Broadstock	Sal. 11/19 to 12/02/98	150.91
10317	Brueau of Child Support	T. Broadstock	253.50
10318	Roy Denjen	Sal. 11/19 to 12/02/98	404.89
10319	Lydia Main	Travel Exp. to Charleston 11/06, 11/13, 11/17	316.80
10320	Alice Sines	½ Sal. 11/25 to 12/08/98	178.17
10321	Streets Store	Supplies	22.59
10322	Citizens Communication	Phone Bill ½ 864-5555	12.49

REGULAR MEETING - JANUARY 14, 1999

The Town Council of Masontown met in regular session at the Town Hall at 6:00 p.m. The meeting was called to order by the Mayor, Lydia Main. Members present were Marvin Stuck, Jean Friend, Conrad Pride, Perry Mathew and Delmer Gibson.

The minutes of the meeting of December 10, 1998, were read and approved. Building Permits were approved for Brian Malcolm and Italia Sylvester. Discussion on what roads to request getting repaired under the "Orphan Road Program". Conrad Pride made a motion that we include Lemon Avenue, Orchard Street and Monkey Row by Resolution. Marvin Stuck seconded the motion. Motion passed.

Second reading was held on the Ordinance Creating a Sanitary Board of the Town of Masontown. A motion was made by Marvin Stuck and seconded by Conrad Pride to pass this Ordinance through the second reading. Motion passed.

Holly Childs discussed the sewer project. Council was not happy with the projected starting date of construction, which was November. Lydia was to contact Cerrone & Associates in regard to this.

Holly also reported that the prison people will be in town next week; but, a formal announcement will not be made until March 1st.

The "Rules & Regulations" for the Police Department was discussed. A motion was made by Delmer Gibson and seconded by Dan Luzier to accept these Rules & Regulations. Motion passed.

The American Legion gave the Police Department an additional \$500 donation. A motion was made by Marvin Stuck and seconded by Dan Luzier to purchase another portable radio for the Police Department, using part of the money donated by the American Legion. Motion passed. Dan is to take care of getting this radio.

A motion was made by Marvin Stuck and seconded by Perry Mathew that we send letters to Larry Williams in regard to getting money for a cinder spreader; and, to see if it would be possible to get the Department of Highways to locate a garage back in the Masontown area. Motion passed.

A letter has been sent to SuperAmerica about the possibility of them donating their property to the Town for a new Town Hall.

A letter is to be sent to Senator Jon Hunter asking his support of Senate Bill 444.

Conrad will start on sewer right-of-ways as soon as possible.

A Certificate has been presented to the Police Department for Incident Base Reporting. Marvin thanked Alice for the fine job that she has been doing on the police department computer.

Perry asked about snow removal on the town streets on the weekends.

Nancy Cipolloni suggested that maybe if the town could get people to park off of the streets, this would help with the snow removal. Also, she suggested that they try to plow down-hill instead of up-hill.

The DOH is to be contacted in regard to the speed of some of their drivers coming through town spreading cinders. Lydia and Conrad both said that cinders have hit their windows when these trucks have been going too fast.

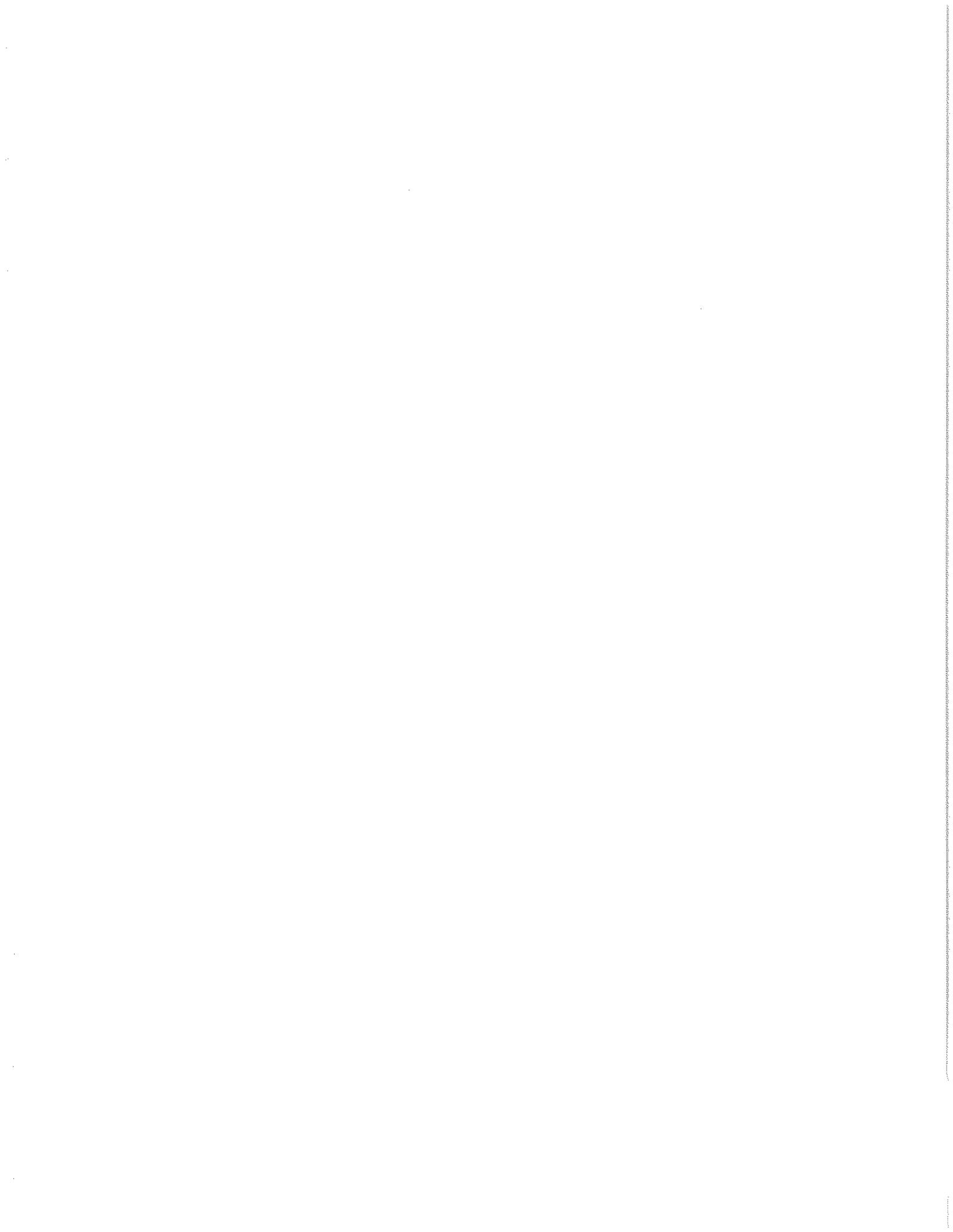
Donna Montgomery thanked the town for the "No Parking Against Traffic" sign in front of Streets Store. She said that this has really helped the problems with parking there.

The sealed bids on the new town hall were opened by the Mayor. They were as follows: J & J Homes --- \$61,000

Town & Country Homes --- \$71,803

Dan suggested that the Mayor take these bids to Charleston with her and see if we can get additional funds to help pay for this new town hall.

A motion was made by Perry Mathew and seconded by Marvin Stuck to sell the tires off of the Dynasty to Tom Broadstock for \$80.00. Motion passed. Tom is to switch tires from his car back to the Dynasty.



TOWN OF MASONTOWN

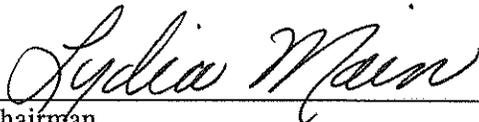
Sewer Revenue Bonds,
Series 2001 A (United States Department of Agriculture) and
Series 2001 B (West Virginia Infrastructure Fund)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Masontown (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 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed \$3,000,000 for the purpose of financing a portion of the cost of acquisition and construction of a new public sewerage system of the Town, together with all necessary appurtenances, and the costs of issuance and related costs.

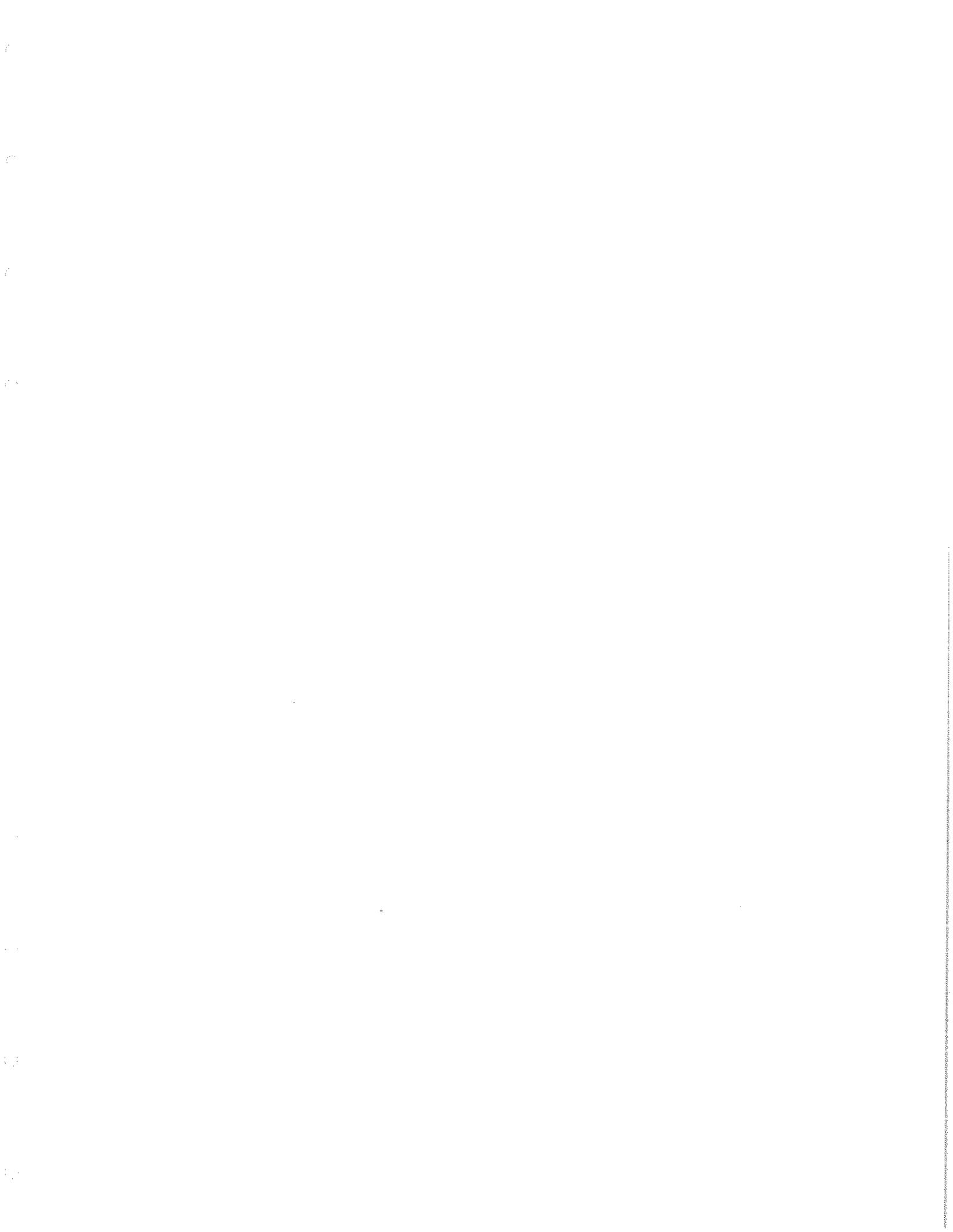
Directed this June 28, 2001.

SANITARY BOARD OF THE TOWN OF
MASONTOWN



Chairman

08/10/01
561890.98001



41

TOWN OF MASONTOWN

AN ORDINANCE ESTABLISHING AND FIXING NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF MASONTOWN

THE TOWN COUNCIL OF THE TOWN OF MASONTOWN HEREBY ORDAINS: The following schedule of sewer rates, connection charges, reconnection charges and delayed payment penalty are hereby fixed and determined as the sewer rates, connection charges, reconnection charges and delayed payment penalty to be charged to customers of the sewerage system of the Town of Masontown.

SECTION I. SCHEDULE OF RATES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sanitary sewer service.

RATES

(Based upon metered volume of water supplied).

<u>Number of Gallons/Month</u>	<u>Rate</u>
First 3,000 gallons	\$7.00 per 1,000 gallons
Next 4,000 gallons	\$5.60 per 1,000 gallons
Next 8,000 gallons	\$4.71 per 1,000 gallons
Next 10,000 gallons	\$4.13 per 1,000 gallons
Next 25,000 gallons	\$3.38 per 1,000 gallons
Over 50,000 gallons	\$2.68 per 1,000 gallons

MINIMUM BILL

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

<u>Meter Installed</u>	<u>Rate</u>
5/8" x 3/4" meter	\$21.00 per month
3/4" meter	\$31.50 per month
1" meter	\$52.50 per month
1-1/2" meter	\$105.00 per month
2" meter	\$168.00 per month
3" meter	\$315.00 per month
4" meter	\$525.00 per month
6" meter	\$1,050.00 per month
8" meter	\$1,680.00 per month

The monthly Minimum Bill shall be \$21.00 per month.

UNMETERED/UNMEASURED RATES

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be \$_____ for residential customers and \$_____ for commercial and industrial customers.

MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly Minimum Bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge.

House trailer or mobile home courts served through a single meter shall be required to pay the monthly Minimum Bill multiplied by the number of units in place at the time the meter is read each month.

RESALE RATE

DELAYED PAYMENT PENALTY

The above rates are net. On all current usage billings not paid in full within twenty (20) days of the billing date, a ten percent (10%) penalty 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.

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

SEWER CONNECTION CHARGE (TAP FEE)

Prior to construction	-	\$100.00
After the start of construction	-	\$250.00

The Town shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines, which shall be provided by applicant upon terms and conditions approved by the Town.

RECONNECTION SERVICE CHARGE

There shall be a Reconnection Charge of \$20.00, which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$20.00.

SECTION 2. EFFECTIVE DATE

The rates, charges and delayed payment penalty provided herein shall become effective forty-five (45) days after final 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 the West Virginia Public Service Commission or 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.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in a qualified newspaper of general circulation in the Town of Masontown, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council at the Masontown Town Hall, Masontown, West Virginia, on the 22nd day of November, 1999, at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Clerk, Masontown, West Virginia, during regular office hours.

Passed on First Reading: _____

Passed on Second Reading:
(following public hearing)

1-13-00



Mayor

ATTEST:

Alice Sines
Town Clerk

5.

Certificate of Publication

LEGAL NOTICE

AN ORDINANCE ESTABLISHING AND FIXING NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF MASONTOWN

THE TOWN COUNCIL OF THE TOWN OF MASONTOWN HEREBY ORDAINS: The following schedule of sewer rates, connection charges, reconnection charges and delayed payment penalty are hereby fixed and determined as the sewer rates, connection charges, reconnection charges and delayed payment penalty to be charged to customers of the sewerage facilities of the Town of Masontown.

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3/4 inch meter	\$31.50 per month
1 inch meter	\$52.50 per month
1 1/2 inch meter	\$105.00 per month
2 inch meter	\$168.00 per month
3 inch meter	\$315.00 per month
4 inch meter	\$525.00 per month
6 inch meter	\$1,050.00 per month
8 inch meter	\$1,680.00 per month

The monthly Minimum Bill shall be \$21.00 per month.

UNMETERED/UNMEASURED RATES

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be \$29.40 per month equivalent to 4,500 gallons usage for residential customers.

MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly Minimum Bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge.

House trailer or mobile home courts served through a single meter shall be required to pay the monthly Minimum Bill multiplied by the number of units in place at the time the meter is read each month.

RESALE RATE

The Resale rate or bulk user rate shall at \$1.52 per thousand gallons for all usage.

DELAYED PAYMENT PENALTY

The above rates are net. On all current usage billings not paid in full within twenty (20) days of billing date, a ten percent (10%) penalty 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.

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

SEWER CONNECTION CHARGE (TAP FEE)

Prior to construction	\$100.00
After the start of construction	\$250.00

The Town shall no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines, which shall be provided by applicant upon terms and conditions approved by

I, Carol Peters, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Ordinance Establishing & Fixing New Sewer Rates

a copy of which notice is hereto annexed, was published in said paper for two successive weeks, beginning with its issue of 12/29/99 and expiring with its issue of 1/5/00

And, I do further certify that on 1/5/00

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

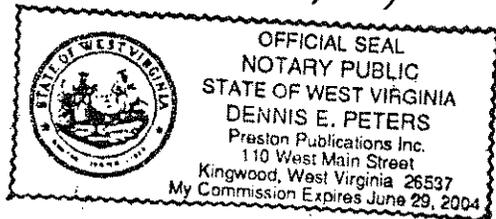
Carol Peters
ADVERTISING MANAGER

Subscribed and sworn to before me this the

24th day of April, 20 01

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2004



Kingwood, W.V. _____

Received of _____

Amount for publishing notice hereto \$ _____

ADVERTISING MANAGER

Council Meeting on November 22, 1999. This discussion is tabled until the next meeting.

The Chief stated that the family selling firewood now has a business license.

Chief needs to talk to truck driver parking on Railroad Street. Chief stated that this is being taken care of. They will make a parking space over by where the truck is parked. They may need a permit to do this the Mayor will go talk to them.

Marvin asked when the computer will be brought over to the Town Hall side? Chief said they will do this. Marvin stated then lets get this done. Wade Lowdermilk asked who needs to move the computer over to this side? Discussion on moving the computer, and where to set it. Wade Lowdermilk asked Dave Ault to help move the computer. Dave Ault is to move the computer with the help of Marvin Stuck.

Conrad Pride gave the Treasurer's Report.

Discussion on Police writing tickets. We need more tickets written. Mayor stated that he has rode with the Chief and you can't write tickets if there is noone speeding. Conrad Pride stated that the Town has speeders and we need tickets written. Chief stated that is hard to catch speeders in a marked car. The Town should lay off the radar for a while. Marvin Stuck also agreed with Conrad Pride, that the Town needs to stop speeders and to get out on the street and be seen more. Chief stated that they would try to get more speeders. Discussion on speed limits in town, and how much can a person go over the speed limit?

Conrad Pride made a motion for an ORDINANCE ESTABLISHING AND FIXING NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF MASONTOWN. Marvin Stuck seconded. Motion carried.

Mayor does anyone have any questions about the Sewer Meeting? Marvin Stuck has talked to (MURRAY?) about the property for Sewage Plant site.

Wade Lowdermilk asked if anyone had talked to Lydia Main about deed for Greer property?

Mayor and Louis asked how the easements are going for the Sewer Project? Conrad Pride said doing street by street, when he gets done he will give everyone on Council a portion so the Council can get the easements done.

Mayor to check into the Greer/Cascade property.

Roxie Turner asked if the Town discussed the extra fees with Cerrone & Associates? The Mayor said yes, and the extra fees will be paid by the Grant monies for the Sewage Project.

Conrad Pride made a motion ^{for the Mayor} to sign Addendum (contract) With Cerrone & Associates. Marvin seconded. Motion carried.

Mayor to get in contact with Holly Childs to see what the Town needs to do next.

Nancy Cipolloni-Ervin asked if Rule 42 had been prepared and submitted by Accountant Roth & White. Conrad Pride stated that yes Rule 42 had been submitted.

Conrad Pride stated that the Town is on schedule except for the right-of-ways. A question was asked why have they been delayed? Conrad Pride answered "Engineers have had to change the plans three times. Now that we have the contract signed we can move ahead.

Mayor and Conrad Pride stated that there will be a public meeting on December 06, 1999 on the Sewage Project, and an update will be discussed.

REGULAR MEETING - NOVEMBER 22, 1999

The Town Council of Masontown met in regular session at the Town Hall, at 6:00 p.m. The meeting was called to order by the Mayor, Joe Blaney Jr. Members present were Conrad Pride, Louis Friend, Nancy Cipolloni-Ervin and Dan Luzier, Recorder.

The minutes were read by Dan Luzier, Recorder. The minutes were approved as read.

Phil Turner went over the contract on remodeling the Town Hall. He said that the Town must pay prevailing wages for labor on this project. Phil also said that he did not think that getting a contractor to bid for the job would be any problem. The Town must run an ad on bid work for at least 14 days.

The Computer has been moved over to the Town Hall side of the building from the Police Department.

The property at Greer will be finalized as soon as the surveying is done.

The second reading on the Ordinance on establishing and fixing new sewer rates, connection charges, reconnection charges and delayed payment penalty for sewer customers. Conrad Pride made the motion. Nancy Cipolloni-Ervin seconded. Motion carried. The 3rd and final reading and public meeting will be December 09, 1999.

The mayor said that there will not be any parade by the Town due to the prearranged activities by the V.F.W.

The mayor asked for ideas on projects that we need to get done that the Town may be able to get monies for.

1. A new building for the Town equipment
2. The wall on Depot Street
3. Lights for the Tennis Courts
4. Street signs
5. Drainage problems
6. Streets needing paved

The mayor stated that the Christmas Lights are to be put up on Monday, November 29, 1999.

Mrs. Hanlin asked about the parking in the alley that goes into her house? The Town has no map to show whether this is a Town alley or not.

Nancy Cipolloni-Ervin asked what is going on with the water? The Water Works were flushing hydrants.

Louis asked if any Town Council Member had given permission for the paving company to park on his lot? The Council stated that none of the Members had given permission for the paving company to park on Louis Friends lot.

Council stated that any person that is selling anything in Town must get a soliciting license at the cost of \$ 5.00. These people need to come to the Town Hall to register.

Conrad Pride stated that he could use some help with getting the right-of-ways signed. Dave Ault was thanked for getting the right-of-ways ready and in order.

REGULAR MEETING - JANUARY 13, 2000

The Town Council of Masontown met in regular session at the Town Hall, at 6:00 p.m. The meeting was called to order by the Mayor, Joe Blaney Jr. Members present were Conrad Pride, Wade Lowdermilk, Marvin Stuck, Louis Friend. Members absent were Nancy Cipolloni-Ervin. Dan Luzier, Recorder arrived at 6:50 p.m.

The minutes were read by Louis Friend. The minutes were approved as read.

Mayor asked if there were any comments from the public on the new rates for the Sewer System?

The Mayor did the 3rd reading on the Ordinance on establishing and fixing new sewer rates, connection charges, reconnection charges and delayed payment penalty for sewer customers.. Conrad Pride made a motion to accept the 3rd reading on the Sewer Rates. Marvin Stuck seconded. Motion carried.

OLD BUSINESS:

Mayor stated that Dan Luzier has figures on remodeling the downstairs, Dan is waiting for an estimate for the electrical work that needs done.

Mayor read a letter from Angela White Negley concerning the Governor's Community Partnership Grant. The Council needs to pass a resolution to accept the conditions of the contract between the West Virginia Development Office and the Town of Masontown in order to finalize this grant. Conrad Pride made a motion to accept the resolution and conditions in the contract with the West Virginia Development Office for the Governor's Community Partnership Grant. Wade Lowdermilk seconded. Motion carried.

The Mayor questioned how the Town is doing on getting the easements (right-a-ways) signed? Does the Town need to see about getting a loan to hire someone to do these easements? The Council had a discussion on the easements. Conrad Pride made a motion to have a work session on January 20, 2000, at 6:00 p.m. to see if Council can help get some of the easements done? Marvin Stuck seconded. Motion carried.

Butch OHagen was talked to by telephone about the corner of Elkins and Route 7 at B & K Mart. He stated that at this time there is nothing that the State Road can do about this problem.

Conrad Pride asked about the status for the Greer and Sypolt properties.

Conrad Pride asked if the people that are doing the plowing of the streets have been put on the Town's insurance? There was a discussion on the people who will be driving the Town truck.

There was a discussion about closing alley's for expansion of business's. Sheila Williams stated that this can be done, and has been done in the past. The Town Council would like for the Business owner to propose a plan, and bring it to the Town Council. The Town Council can then try to make some kind of decision. All of the expenses due to the proposal of an expansion plan for the business should be taken care of by the Business Owner.

Certificate of Publication

LEGAL NOTICE

NOTICE OF PUBLIC HEARING ON THE TOWN OF MASONTOWN BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a special meeting of the Council of the Town of Masontown (the "Town") to be held on July 30, 2001, at 6:00 p.m. at the Town Hall in Masontown, 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 NEWER SEWERAGE SYSTEM OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the Town on July 11, 2001.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the Bonds will be used to provide financing of 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 derived from the operation of the sewerage system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Recorder of the Town for review by interested parties during regular office hours.

Following said public hearing, the Council intends to enact said Ordinance upon its reading.

Dated: July 18, 2001

s/s Sandy Ennis
Recorder
7/18,25

I, **Carol Peters**, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Public Hearing

Town of Masontown Bond Ordinance

a copy of which notice is hereto annexed, was published in said paper for two successive weeks, beginning with its issue of **July 18** and expiring with its issue of **July 25**.

And, I do further certify that on **July 25**

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

Carol Peters

ADVERTISING MANAGER

Subscribed and sworn to before me this the

18th day of July, 2001

Dennis E. Peters

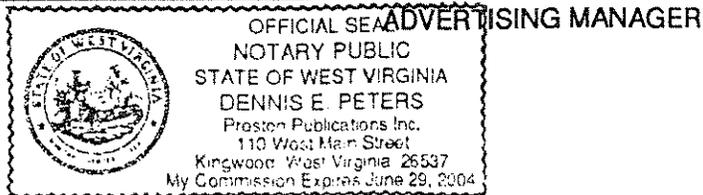
NOTARY PUBLIC

My commission expires 6/29/2004

Kingwood, W.V. _____

Received of _____

Amount for publishing notice hereto \$ _____



REGULAR MEETING JUNE 28, 2001

The Town Council of Masontown met in regular session at the Town Hall at 6:00 p.m. The meeting was called to order by the Mayor, Joe Blaney Jr.. Members present were Marvin Stuck, Nancy Cipolloni-Ervin, Conrad Pride, Wade Lowdermilk, Perry Mathew and Dan Luzier.

The minutes of the meeting of June 14, 2001 were read and approved.

OLD BUSINESS:

The frost free faucet has been installed at the park.

The bill for adds in the Dominion Post and The Preston County Journal must be paid.

A copy of the trailer ordinance has not been delivered to trailer owners in town.

NEW BUSINESS:

✓ A petition of the sanitary board for the purpose of enacting an ordinance for issuance of sewer revenue bonds.

✓ Vince Collins from Steptoe & Johnson was here and went over the sewage bond ordinance. He stated he would like to have all of the readings of this ordinance completed by the 1st of August. A motion was made by Nancy to have the first reading on the sewer revenue bond ordinance. Seconded by Marvin. Motion carried.

Marvin made a motion to accept the letter from Cerrone stating that we accept the low bid for the sewer project. Second by Nancy. Motion carried.

Marvin made a motion to take Chris Veltri off of probation and make him a full time employee. Seconded by Wade. Motion carried.

The council accepted the proposed sewer project budget.

Marvin made a motion to certify the town election. Seconded by Wade. Motion carried.

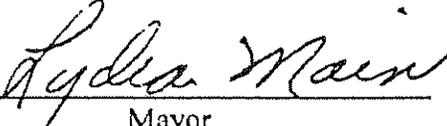
Phil Turner reported the Sheltered Work Shop had been offered seven youths from the summer youth program and did not have need of that number. He discussed the possibility of sharing some of these youths with the town. He stated that a meeting would be held at the Sheltered Work Shop on July 9th at 8:00 a.m. about the Summer Youth Program and asked for a representative of the town to attend.

Delmer Gibson asked if anything could be done about the four wheelers running on the streets. He was told that there is no law against four wheelers on the road at this time.

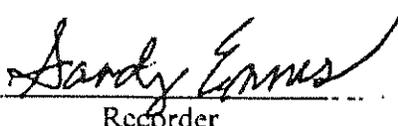
Nancy thanked the town for her time on council.

A treasurers report was given by Conrad. Wade made a motion to pay all the bills.
Seconded by Marvin. Motion carried.

Meeting adjourned at 7:00 p.m.



Mayor



Recorder

REGULAR MEETING JULY 11, 2001

The Town Council of Masontown met in regular session at the Town Hall at 6:00 p.m. The meeting was called to order by the Mayor, Lydia Main. Members present were Marvyn Stuck, Wade Lowdermilk, Roxie Turner, Phil Turner and Sandy Ennis.

✓ 2nd Reading of the Sewer Revenue Bond was read and approved.

The minutes of the meeting of June 28, 2001 were read and approved.

OLD BUSINESS:

Policeman Chris Veltri is full time now and a Police Schedule handed out to all council members.

NEW BUSINESS:

The Mayor read the new Committee Appointments.

Marvin reported he installed a surge/combo backup on the computer and fax machine so we can avoid any physical damage to hard drive and not lose any files. Hopefully, this will solve the problem. Marvin will keep on top of this.

Wade moved to keep Town Hall closed for another 2 weeks. This gives the Town Clerk, which will be back to work Monday July 16 to help straightened the office, and meet with the Auditor on Tuesday July 17 to show them what is needed to finished the audit. Roxie second. Motion carried.

Phil was concerned about the number of Grants the Town has and has been submitted. He will check into it next week when the Town Clerk is available.

Phil to check with Danny Luzier for the Bids for Town Hall Exterior.

A newspaper bill was sent to the Mayor for \$700, she called them and they had made a mistake and was changed to \$91. A 2nd newspaper bill came for \$1282, not going to pay till an itemized list is received.

Roxie moved to start condemnation proceedings on the 27 Right of Ways not signed. Phil second. Motion carried. The Mayor to get with Sewer Engineer and try to talk to more people about signing their right of way.

Closing for the Notice of Award for Contractors is August 2, 2001. Loan Closing with FHA is August 20, 2001.

PAGE 2

The Mayor received today a letter for the ^{FISCAL} ~~Physical~~ Year 1997 from Small City Block Grant dated July 5, 2001 for the Town was awarded Small State Law Grant Funds in the amount of \$1,250,000.00.

Ticket #4627 Dated 6-27-01 requested a hearing. Policeman Veltri will look for copy of ticket next week when Town Clerk is back.

The Mayor thanked Phil Turner for telling us about the summer youths which 4 is working for the town. Two reconditioned weed eaters were purchased at Street's. The youths are doing a fine job and can tell the difference around town.

The Mayor thanks Wade and Mick for the beautification job well done between Centofanti's and Post Office.

Marvin gave a treasurer report. Wade made a motion to accept report. Roxie second. Motion carried.

Phil moved to pay all bills plus \$25 to Don Witt for brush hog work done on Depot St. and Policeman Veltri paycheck. Roxie second. Motion carried.

Providing Financial Reports for the public was discussed.

Joyce Johnson wants some tile on her street where water runs. Will check into it.

Josephine Lawrence is concerned about the dogs not tied up on her street. Policeman Veltri to talk to owners.

Policeman Veltri to check on red car without no license plates across from Nellie Taylor.

Lydia thanked Connie and David Ault for repainting and putting back up the No Parking in Alley sign at the Post Office.

Roxie to contact Clarksburg and State Highways about 4-wheeler ordinances. She also suggested each council member to take a section of town where they live and talk to neighbors and elderly of any problems that can be brought to town meetings that need resolved if they can't attend meeting. Also, she would like to start a Bi-monthly Town Paper.

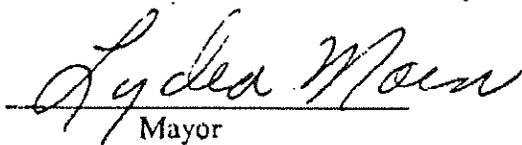
Phil says a family by the name of Livengood with a child has a drain line that needs fixed. Wade and Mick to take care of it.

PAGE 3

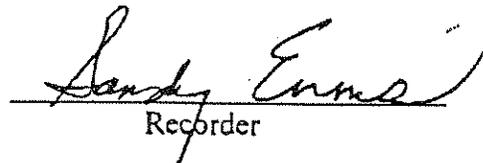
Phil to talk to State Road or Butch O'Hagen about the gravel washes down on Turner's property on Maple.

Wade moved to renew the Note on Cruiser for 12mths. Phil second. Motion carried.

Meeting adjourned at 7:20 p. m.



Mayor



Recorder

SPECIAL MEETING JULY 30, 2001
3rd Reading Sewer Revenue Bond Ordinance

The Town council of Masontown met in a public meeting at the Town Hall at 6:00p.m. The meeting was called to order by the Mayor Lydia Main. Members present were Marvin Stuck, Wade Lowdermilk, Joe Blaney Jr., Roxie Turner, Phil Turner and Sandy Ennis.

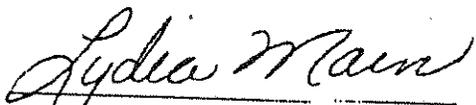
The 3rd Reading of the Sewer Revenue Bond Ordinance was read. Joe Blaney Jr. moved to approve the Ordinance. Wade second. Motion carried.

On Tuesday July 31, 2001 Rick Dey will be in town to meet with condemned property owners.

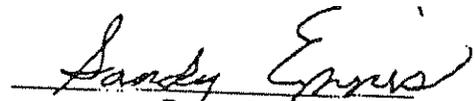
Vince Collins was present to answer any questions to private individuals and to explain the responsibilities of the Sanitary Sewer Board Members.

Vince Collins passed out to each council member a Supplemental Resolution report. Marvin moved we accept the Resolution. Wade second. Motion carried.

Meeting adjourned at 7:20 p.m.



Mayor



Recorder

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 22, 2001

ISSUE: Town of Masontown, Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture)

ADDRESS: P. O. Box 340, Masontown, WV 26542 COUNTY: Preston

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 22, 2001 CLOSING DATE: August 22, 2001

ISSUE AMOUNT: \$850,000 RATE: 4.875%

1ST DEBT SERVICE DUE: August 22, 2003 1ST PRINCIPAL DUE: August 22, 2003

1ST DEBT SERVICE AMOUNT: \$4,106 PAYING AGENT: Issuer

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

CLOSING BANK: WesBanco Bank
Contact Person: Ms. Judy Bolyard
Phone: (304) 864-6300

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Lydia Main
Position: Mayor
Phone: (304) 864-5555

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

OTHER: United States Department of Agriculture
Contact Person: Joe Crickenberger
Function: Rural Development Specialist
Phone: (304)636-5902

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: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2001 A Bonds Reserve Account. Payments into the Series 2001 A Bonds Reserve Account will commence on or about August 22, 2003.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 22, 2001

ISSUE: Town of Masontown, Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund)

ADDRESS: P. O. Box 340, Masontown, WV 26542 COUNTY: Preston

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 22, 2001 CLOSING DATE: August 22, 2001

ISSUE AMOUNT: \$1,500,000 RATE: 0%

1ST DEBT SERVICE DUE: September 1, 2003 1ST PRINCIPAL DUE: September 1, 2003

1ST DEBT SERVICE AMOUNT: \$9,869 PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Step toe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-11318

CLOSING BANK: WesBanco Bank
Contact Person: Bonnie Kelly
Phone: (304) 864-6300

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Lydia Main
Position: Mayor
Phone: (304) 864-5555

OTHER: West Virginia Infrastructure & Jobs Development Council

Contact Person: Katy Mallory, P.E.
Function: Executive Director
Phone: (304)558-4607

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: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
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The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

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Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

TOWN OF MASONTOWN

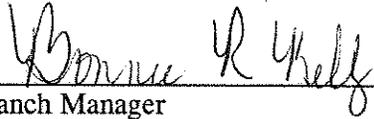
Sewer Revenue Bonds,
Series 2001 A (United States Department of Agriculture)
and Series 2001 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WesBanco Bank, Masontown, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Masontown (the "Issuer"), enacted July 30, 2001, and a Supplemental Resolution of the Issuer adopted July 30, 2001 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture) and Series 2001 B (West Virginia Infrastructure Fund), both dated August 22, 2001, in the respective principal amounts of \$850,000 and \$1,500,000 (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 22nd day of August, 2001.

WESBANCO BANK



Branch Manager

08/16/01
561890/98001

TOWN OF MASONTOWN

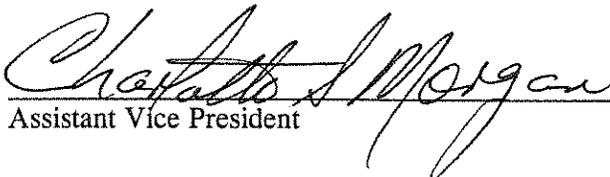
Sewer Revenue Bonds,
Series 2001 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2001 B BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Masontown Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), dated August 22, 2001, in the principal amount of \$1,500,000 ("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 22nd day of August, 2001.

BRANCH BANKING AND TRUST COMPANY


Assistant Vice President

08/06/01
561890/98001

TOWN OF MASONTOWN

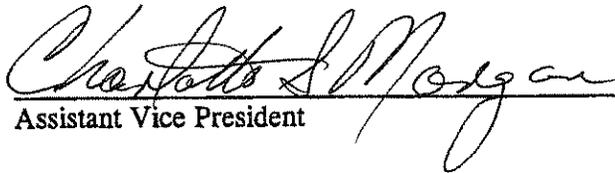
Sewer Revenue Bonds,
Series 2001 B (West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF SERIES 2001 B BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Town of Masontown (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Town of Masontown Sewer Revenue Bond, Series 2001 B (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2001, in the principal amount of \$1,500,000, numbered BR-1, is 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 the Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 22nd day of August, 2001.

BRANCH BANKING AND TRUST COMPANY


Assistant Vice President

08/10/01
561890/98001

TOWN OF MASONTOWN

Sewer Revenue Bonds,
Series 2001 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of August, 2001, by and between the TOWN OF MASONTOWN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,500,000 Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), in fully registered form (the "Series 2001 B Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted July 30, 2001, and a Supplemental Resolution of the Issuer duly adopted July 30, 2001 (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:

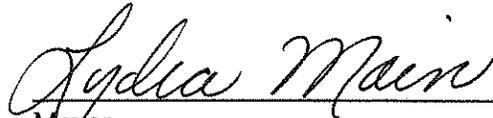
ISSUER: Town of Masontown
Post Office Box 340
Masontown, West Virginia 26542
Attention: Mayor

REGISTRAR: Branch Banking and Trust Company
Post Office Box 1793
300 Summers Street
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.

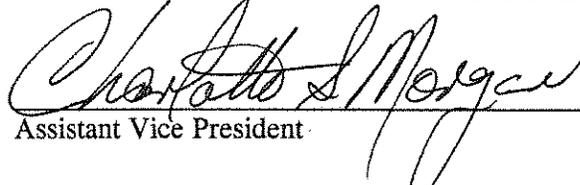
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF MASONTOWN



Mayor

BRANCH BANKING AND TRUST COMPANY



Assistant Vice President

08/06/01
561890/98001

SCHEDULE OF COMPENSATION

(See attached)



Branch Banking & Trust Co.

Trust Department

300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

August 22, 2001

Town of Masontown
Attention: Mayor
Post Office Box 340
Masontown, WV 26542

RE: Invoice

TOWN OF MASONTOWN SEWER REVENUE BONDS, SERIES 2001 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

One time fee for services as Registrar and Authenticating Agent..... \$250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326

WRD 1A-82
Revised 11/97



STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

Permit No.: WV0105627 Issue Date: February 26, 2001
Subject: Sewage Facilities Effective Date: March 26, 2001
Expiration Date: February 25, 2006

Location:	Masontown	Preston	Monongahela
	(City)	(County)	(Drainage Basin)

Outlet Site: Latitude - 39° 31' 23" North
Longitude- 79° 48' 46" West

To whom it may concern:

This is to certify that Town of Masontown
P.O. Box 340
Masontown, WV 25542

is hereby granted a NPDES Water Pollution Control Permit to: construct, install, operate and maintain a sewage collection and treatment system consisting of approximately 79,200 linear feet of 8, 10, 12 and 15 inch diameter gravity sewer line, 427 manholes and ten cleanouts, two (2) duplex pump lift stations one with 3460 feet of six inch diameter and the other with 2700 feet of eight inch diameter force main; a 200,000 gallon activated sludge treatment facility containing the following units: pretreatment consisting of fixed and mechanical bar screens plus a cyclone type grit removal apparatus, two 100 thousand gallon biolac units each with integral clarifiers, a sludge storage basin, an ultraviolet disinfection unit with UV intensity monitor, a flow measuring unit, a post aeration basin and all necessary appurtenances.

These facilities are to serve the communities of Masontown, Bretz and Reedsville and to discharge treated wastewater to Deckers Creek (16.2 miles from its mouth) of the Monongahela River.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0105627 dated the 26th day of May 2000 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.



WDA RECEIPT FOR PAYMENT OF STEP I LOAN

The undersigned, duly authorized representative of the West Virginia Water Development Authority (the "Authority"), as holder of the Valley Sanitary District STEP I Loan, dated December 24, 1975, in the original principal amount of \$12,000 (the "STEP I Loan"), hereby certifies and declares that on the date hereof, the undersigned received the sum of \$9,090 from the Town of Masontown (the "Town") and that such sum is sufficient to pay the Town's portion of the principal amount of and the service charge for the STEP I Loan. The remainder of the STEP I Loan has been paid as of the date hereof by the Town of Reedsville.

WITNESS my signature this 22nd day of August, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

08/10/01
561890/98001

Town of Masstown
Sewer Project Construction Acct.

01

68-68/616

August 22, 2001

Pay to the Order of West Virginia Water Development Authority \$ 9,090.00

Nine thousand ninety and xx/100 Dollars



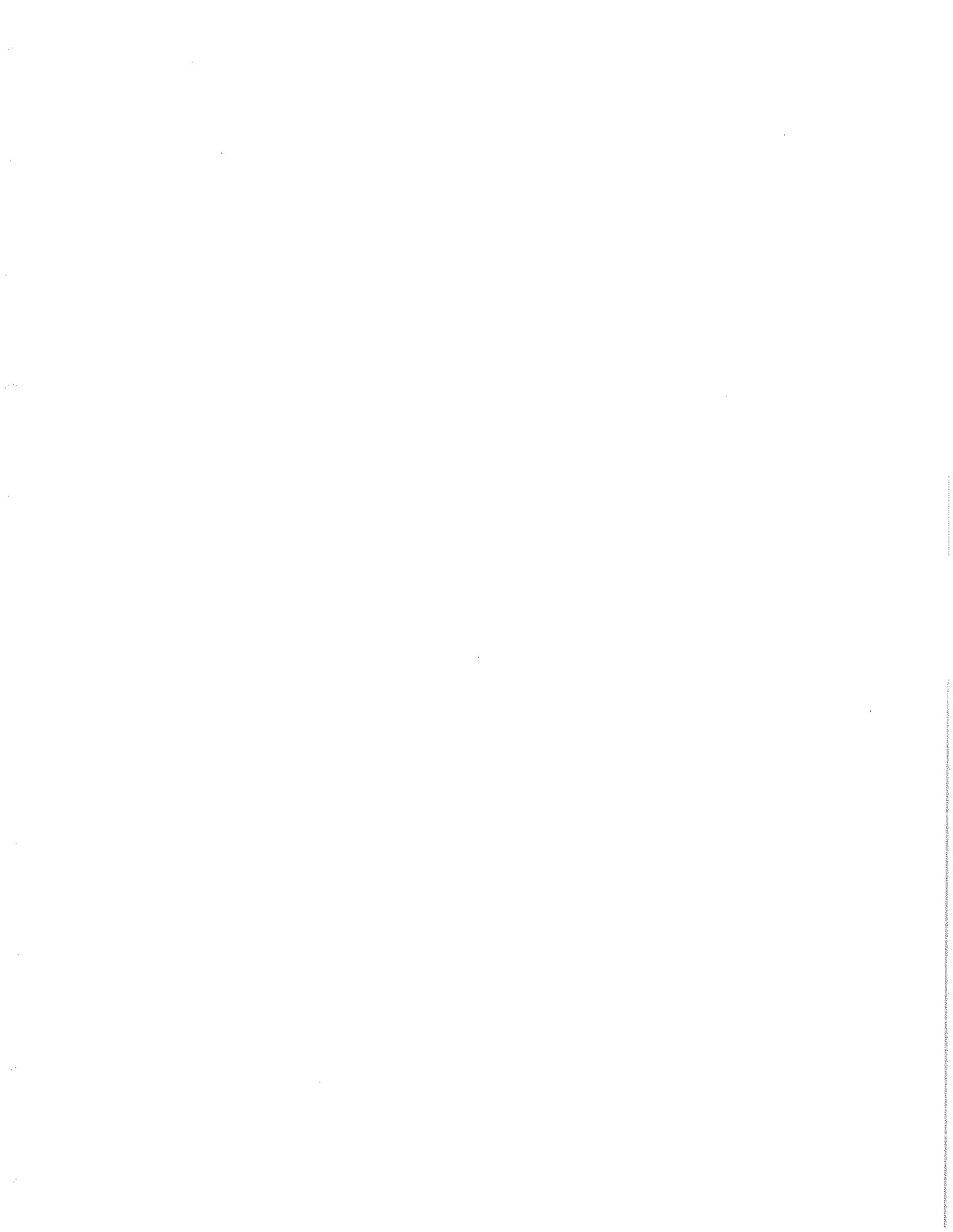
Repayment of Valley Sanitary
District SIFP I Loan

*Seymour James
Sybil M. M...*

150515005621 2816622901

PRESTIGE

© HAWKLAND



WDA RECEIPT FOR PAYMENT OF STEP II LOAN

The undersigned, duly authorized representative of the West Virginia Water Development Authority (the "Authority"), as holder of the Valley Sanitary District STEP II Loan, dated March 6, 1980, in the original principal amount of \$105,829 (the "STEP II Loan"), hereby certifies and declares that on the date hereof, the undersigned received the sum of \$80,165.72 from the Town of Masontown (the "Town") and that such sum is sufficient to pay the Town's portion of the principal amount of and the service charge for the STEP II Loan. The remainder of the STEP II Loan has been paid as of the date hereof by the Town of Reedsville.

WITNESS my signature this 22nd day of August, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows

Authorized Representative

08/10/01
561890/98001

CH670092.2

02

Town of Masontown
Sewer Project Construction Acct.

69-56/516

August 22, 2007 Date

Pay to the Order of West Virginia Water Development Authority \$ 80,165.00

Eighty thousand one hundred sixty-five and xx/100 Dollars



WesBanco
Member FDIC
Peppay Valley Sanitary Dist.

Mr. STEE II Loan

Lyndra Erms
Dyler H. Jones

⑆051500562⑆ 2416622290⑆

SHARLAND

PRESTIGE

Stephens & Johnson

Client-Matter

Town of Masonstown/Bonds

Client# - Matter# or G/L#

561890.98001

Amount

\$.72

COPY

For Repayment of WDA Step II Loan

PLEASE DETACH BEFORE DEPOSITING

Stephens & Johnson

ATTORNEYS AT LAW

P.O. BOX 1588

CHARLESTON, WV 25326

8-000914

88376
879

DATE

August 22, 2001

DOLLARS \$.72

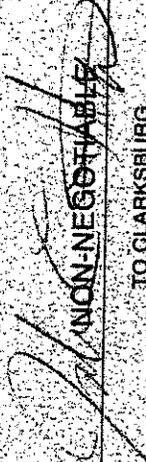
Stephens & Johnson

PAY 00 Dollars and 72 cents

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

TO THE
ORDER
OF

HUNTINGTON BANKS
CHARLESTON, WV 25301

BY  NON-NEGOTIABLE

TO CLARKSBURG

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Town Council
OF THE Town of Masontown
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
sewer system improvements
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Town of Masontown
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
EIGHT HUNDRED FIFTY THOUSAND AND XX / 100

pursuant to the provisions of Chapter 16, Article 13, West Virginia Code ; and

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

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

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

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the Town of Masontown

hereby certify that the Town Council of such Association is composed of

_____ members, of whom _____ constituting a quorum, were present at a meeting thereof duly called and

held on the _____ day of _____; and that the foregoing resolution was adopted at such meeting

by the vote shown above. I further certify that as of _____,

the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this _____ day of _____

Rudina Mason

Title Mayor

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

THIS AGREEMENT dated _____ between
Town of Masontown

a public corporation organized and operating under _____

Chapter 16, Article 13, West Virginia Code

(Authorizing Statute)

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 6,226,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 4,480,000.00 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 4,480,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 1,746,000.00 or _____ percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

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

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 28.0% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

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

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

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

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

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

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

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

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

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

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

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

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

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

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

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

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

[Revision 1, 04/17/1998]

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

**This Grant Agreement covers the following described real property (use continuation sheets as necessary).
The Sewer system and all appurtenances thereto to the Town of Masontown, and all land and rights-of-way associated therewith.**

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

[Revision 1, 04/17/1998]

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All tangible items together with all appurtenant furnishings, vehicles, and equipment, including all accessions, repairs and replacements associated with the proposed facility.

M. Provide Financial Management Systems which will include:

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

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

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

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

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

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

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

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

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

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/97]

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

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

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 1,748,000.00 which it will advance to Grantee to meet not to exceed 28.0% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

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

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

Termination of This Agreement

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

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

_____ and attested and its corporate seal affixed by its duly authorized

Attest: Johna Malicky

By _____

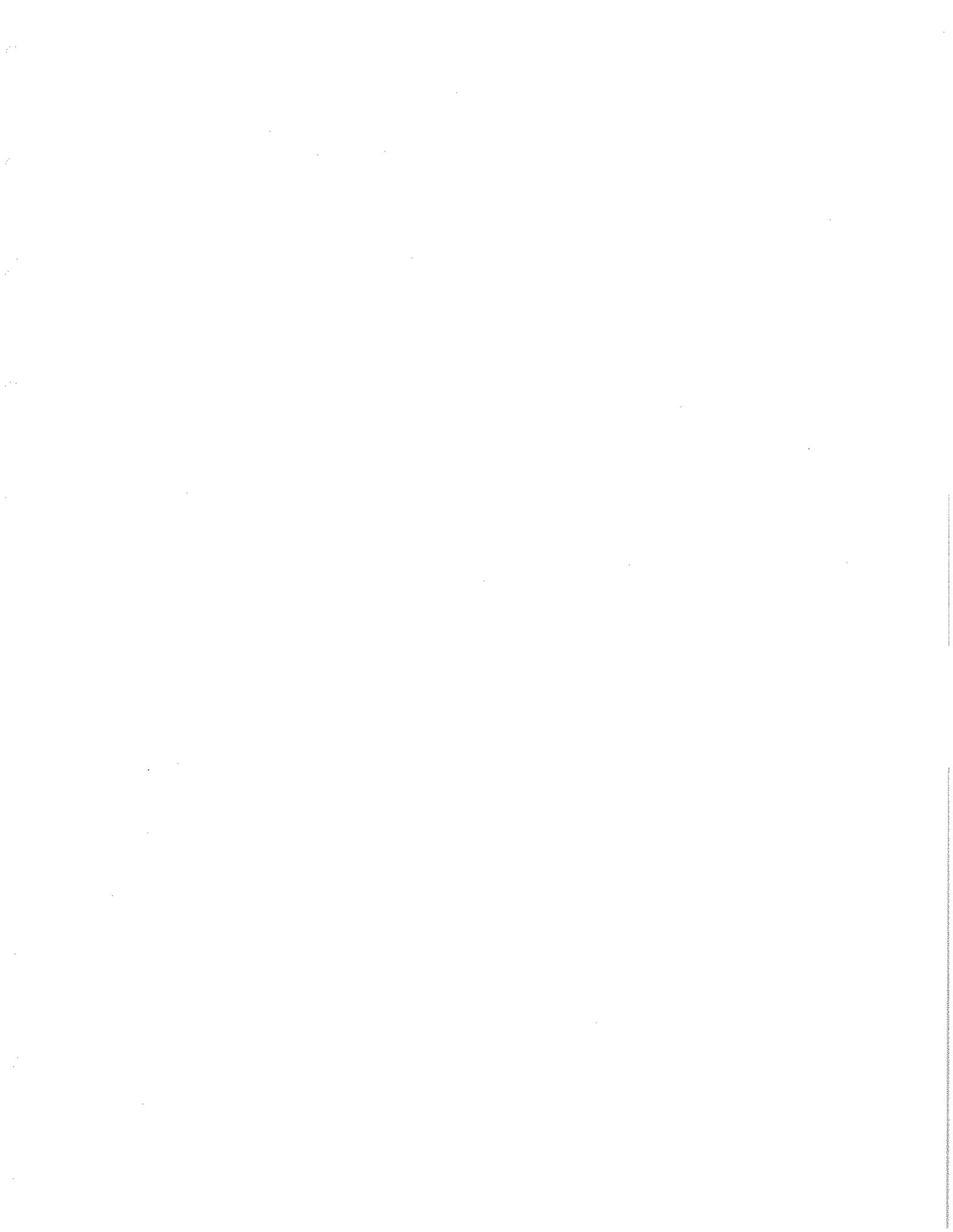
(Title) CLERK

By Sydney Mann

(Title) Mayor

UNITED STATES OF AMERICA
RURAL UTILITIES SERVICE

By _____ (Title)



IC-2
(4/04/00)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and TOWN OF MASONTOWN (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 \$500,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

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

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

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

TERMS

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

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

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 MASONTOWN

By: *Lynnea Maer*
Its: Mayor

Date: 8-22-01

SEAL

ATTEST

Sandra Jones
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: *Daniel B. Gump*
Its: Director

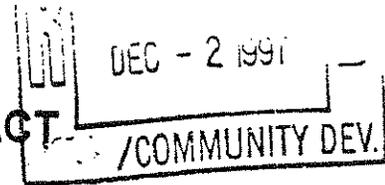
Date: August 22, 2001

SEAL

ATTEST

MC Stuck Barbara B Meadows
Its: Secretary-Treasurer

SMALL CITIES BLOCK GRANT CONTRACT
between the
WEST VIRGINIA DEVELOPMENT OFFICE
and the
TOWN OF MASONTOWN



THIS AGREEMENT, entered into this 24th day of October, by the West Virginia Department of Finance and Administration on behalf of the West Virginia Development Office, hereinafter called the "State," and the town of Masontown and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, subject to the applicable regulations of the Department of Housing and Urban Development, including but not limited to 24 CFR Part 570, Sub-Part I, as amended or revised, and subject to the scope of the State of West Virginia's Grants Management Handbook and other Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the Grantee has identified its housing and community development needs, including those of low- and moderate-income persons and the activities to be undertaken to meet such needs.

WHEREAS, the Grantee has prepared a written citizen's participation plan which provides opportunities for citizen participation, hearings, and access to information with respect to the proposed project statement in such a manner as to afford affected citizens an opportunity for examination and comment regarding the proposed project and on the community development performance of the Grantee, a Community Development Plan, and an Anti-displacement and Relocation Assistance Plan.

WHEREAS, the Grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low- and moderate-income families, or aid in the prevention or elimination of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. **Assistance to Grantee**. The State shall obligate to the Grantee, from funds allocated to the State by Grant Agreement B-97-DC-54-0001, \$500,000 to perform such tasks hereafter described in the Scope of Services.

2. **Scope of Services**. The Grantee, or its designated agent, in accordance with the Grants Management Handbook and other Program Guidelines to be used in administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform, and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to build a wastewater system to serve Masontown and Bretz.

3. **Changes**. The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments to this Contract. Major changes in the Scope of Services which substantially deviate from that originally approved shall require the same citizen participation process as performed for the initial submission of the grant proposal. The State reserves the right to make final determination on questions regarding changes in the Scope of Services.

4. **Time of Performance.** The Grantee will commence its duties under this Contract on October 24, 1997, and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose of the Contract; but, in any event, all of the services required hereunder shall be completed by October 24, 2000. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. **Performance Measures.** Performance measures establish that the Grantee should have all other funding in place and design and engineering completed within twelve months. Furthermore, construction should be started within eighteen months after the execution of this Agreement by both parties. These performance measures establish goals against which performance under this contract can be measured and evaluated during regular scheduled monitoring visits by the State.

6. **Administrative Requirements and Procedures.**

(A) *Personnel.* The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the State, consistent with the procedures identified in the Grants Management Handbook.

(B) *Applicable Law.* The Grantee, its agents, and subrecipients shall comply with all the restrictions, conditions, policies, guidelines, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended; with all applicable State and Federal Laws and regulations including 24 CFR Part 570; 24 CFR Part 85; OMB Circulars A-87, A-110, A-122, and A-133, as applicable, in administering and distributing funds provided under this Agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the

benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Implementing regulations are found in 24 CFR Part I.

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601-20 et. seq.) popularly known as the Fair Housing Act which provides for fair housing throughout the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. The Grantee further certifies that it will take actions necessary to affirmatively further fair housing.

(3) Executive Order 11063, as amended by Executive Order 12259, requires that taking of all actions necessary and appropriate to prevent discrimination because of race, color, religion (creed), sex, or national origin, in the sale, leasing, rental, or other disposition of residential property and related facilities (including land to be developed for residential use), or in the use of occupancy thereof. - Implementing regulations are contained in 24 CFR 107.

(4) Section 109 of P.L. 93-383 requires that no person in the United States shall, on the grounds of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with community development funds.

Section 109 of the Act further provides any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et. seq.) or with respect to an otherwise qualified handicapped person as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall also apply.

(5) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In

addition , the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(6) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701U) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government or metropolitan area or nonmetropolitan county in which the project is located, and that Contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area.

(7) Executive Order 11246, as amended by Executive Order 12086 shall apply and provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts.

(8) Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831b) prohibits the use, and requires the elimination and/or abatement as far as practical, the hazards of lead-based paints in residential structures constructed or rehabilitated with Federal assistance to include notification of the hazards of lead-based paint. Grantees may use HUD's guidance on lead-based paint elimination that is contained at 24 CFR Part 35.

(9) The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(g) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands, (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Water Act of 1974; (i) the Endangered

Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act ; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part 51, Subpart B, Noise Abatement and Control; (n) Subpart C - Siting of HUD Projects Near Hazardous Operations, Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (o) and Subpart D - Siting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities), the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

(10) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601) and HUD implementing regulations at 24 CFR Part 42 apply to the acquisition of real property for an activity assisted under this part and to the displacement of any family, individual, business, nonprofit organization or farm that results from such acquisition. The West Virginia Code, Chapter 54-3 also applies.

The Grantee must certify compliance with URA. Under Section 104(d) of the Act, each Grantee must adopt, make public and certify that it is following a residential anti-displacement and relocation assistance plan providing one-for-one replacement units and relocation assistance. The plan must also indicate the steps that will be taken to minimize the displacement of persons from their homes as a result of any activities assisted under this part all in accordance with 24 CFR Part 570.488(b).

(11) The State and the Grantee will comply with the provisions of the Department of Treasury Circular 1075 and/or the State's Small Cities Grants Management Handbook, as revised, in the process of requesting and administering funds from the State's Letter of Credit.

(12) Funds provided under this agreement shall not be expended for acquisition or construction purposes in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless the community in which the area is situated is participating in the National Flood Insurance

Program; and flood insurance is obtained in accordance with Section 102(a) of the Flood Disaster Protection Act of 1973.

(C) *Accounting.* The Grantee will establish a separate account for the proper recording of project costs in accordance with generally accepted accounting principles and procedures so as to reflect all receipts and allowable expenditures, including program income in connection with the said project and the purpose thereof. If the Grantee received less than \$25,000 per state fiscal year in program income, the dollars received are not subject to provision of 24 CFR 570 and may be used at the Grantees discretion. If program income exceeds \$25,000 in any given state fiscal year, all program income earned must be expended in accordance with 24 CFR 570.489.

(D) *Audit.* Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted or performed by the State Tax Department. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. Units of local government will make audit reports available for public inspection within thirty (30) days after the completion of the audit.

(E) *Record Retention.* Financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of three years, with the following qualifications:

(1) If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

(2) Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.

(3) Records for displacement shall be retained in accordance with the Grants Management Handbook.

(4) The retention period starts from the date of the submission of the final performance report.

(F) *Access to Records.* The Grantee shall, at any time during normal business hours and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports, files, and other papers, things or property of the Grantee with respect to the matters covered by this Contract. All negotiated contracts awarded by the Grantee shall include a provision that the Comptroller General or any duly authorized representative of the State or HUD shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

(G) *Repayment.* The Grantee shall refund to the State or Federal government any expenditures determined to be made for an ineligible purpose for which Federal funds were received.

(H) *Competitive Procurement Procedures.* All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition consistent with procedures identified in the Grants Management Handbook, 24 CFR Part 85, and with applicable local or State law.

The Grantee shall procure architect/engineer services in accordance with Chapter 5G of the West Virginia State Code and be in compliance with 24 CFR Part 85.

The Grantee shall procure construction contracts in accordance with Chapter 5-22-1 of the West Virginia State Code and be in compliance with federal regulations 24 CFR Part 85.

The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to their project which has an estimated value of over \$25,000. Any attempts by the Grantee to segregate the project into sections in order to circumvent competitive procurement may be cause for termination of this Agreement under the provisions of Paragraph 9. These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area within a period of fourteen consecutive days with at least an interval of six full days within such period between the date of the first publication and the date of the second publication preceding the final date of submitting bids. The Grantee shall also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, sending notification to the State's Small Business Development Center Division, and by posting notice on a bulletin board in a public place. The Grantee shall have available upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures. The resolution of bid and contract disputes is the responsibility of the Grantee.

(I) *Bonding and Insurance.* As otherwise required by law, a grant that requires the contracting or subcontracting for construction or facility improvements under \$100,000 shall provide for the Grantee to follow local or State requirements relating to bid guarantees, performance bonds, and payment bonds provided that the Grantee's and State's interest is adequately protected and that such contracts can be executed in a timely manner; otherwise, bonding requirements shall be the same as for contracts exceeding \$100,000. If the contracts or subcontracts exceeds \$100,000, the minimum bonding and insurance requirements shall be as follows:

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified

check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment is required by law of all persons supplying labor or materials in the execution of the work provided for in the Contract.

(J) *Facilities Operation.* The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable Federal, State and local statute, law, ordinance, or regulation as to actual construction procedures. The Grantee shall be responsible for maintenance and operation of such facilities upon completion. The Grantee may not change the use or planned use of any such facility (including the beneficiaries of such use) from that purpose initially approved unless the Grantee provides affected citizens with reasonable notice thereof and opportunity to comment on any proposed change all in accordance with 24 CFR Part 570.489(j).

(K) *Conflict of Interest.* No officer, agent, consultant, employee, elected or appointed official of the State, the Grantee, or any public agency or subrecipient receiving Community Development Block Grant funds who exercises or has exercised any function or responsibilities with respect to activities assisted with Community Development Block Grant funds or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from such activity or have an interest in any contract, subcontract, or agreement with

respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter. The conflict of interest provision of 24 CFR 85.36; 24 CFR 570.489 (g) and (h); and OMB Circular A-110 also apply as appropriate.

7. **Recovery of Capital Costs.** The Grantee will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds from this program by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless: (a) funds received are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from other revenue sources; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the Grantee certifies to the State of West Virginia that it lacks sufficient funds received under the program to comply with the requirements of clause (a).

8. **Method of Payment.** In order to receive any and all payments under the terms of this Agreement, the Grantee shall submit the following: (a) a Letter of Transmittal containing a progress report, and (b) a Request for Payment Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility and, if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures from the State's Letter of Credit with the Department of Housing and Urban Development.

9. **Termination of Contract for Cause.** If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner its obligations under this Contract or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee to such termination and specifying the effective date thereof, at least fifteen

days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withhold any payments to the Grantee for the purpose of offsetting those damages until such time as the exact amount of damages due the State from the Grantee is determined.

10. **Termination for Convenience of the State.** The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

11. **Termination by the Grantee.** The Grantee may unilaterally rescind this Agreement at any time prior to the commencement of the project. After project commencement, this Agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

12. **Reporting.** A Final Performance Report shall be submitted to the State with the final request for payment for project costs, excluding audit. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the appropriate Technical Assistance Guides of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

13. **Final Closeout.** Final Closeout shall be completed when the State: (a) is in receipt of a Final Performance Report; (b) has determined that all monitoring findings have

been formally addressed and are resolved; and (c) has received a completed, final project audit and has determined that any findings have been resolved.

14. **Resolution of Disputes.** Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this Agreement shall be initiated through consultation and discussion at the State's Administrative Offices with final decision on questions of policy or fact being determined by the Director of the Community Development Division of the West Virginia Development Office or his/her designated representative. Nothing in this Agreement shall be construed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws. Citizen's complaints or disputes regarding Grantee performance or actions relative to the approved project are the responsibility of the Grantee.

15. **Notice.** The parties hereto agree that notice shall be served when mailed certified U.S. Mail to the following addresses:

West Virginia Development Office
Community Development Division
Capitol Complex
Building 6, Room 553
Charleston, West Virginia 25305-0311

GRANTEE Town of Masontown
Post Office Box 340
Masontown, West Virginia 26452-0340

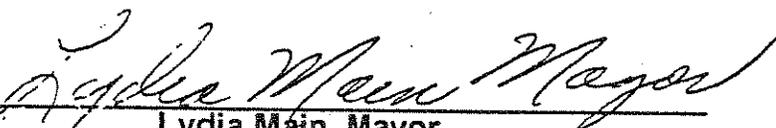
[WITNESSETH] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this Agreement is done with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this Agreement.

STATE OF WEST VIRGINIA
WEST VIRGINIA DEVELOPMENT OFFICE



Thomas C. Burns, Executive Director

TOWN OF MASONTOWN



By: _____
Lydia Main, Mayor

FEDERAL EMPLOYER IDENTIFICATION NUMBER

55-6008711

F.E.I.N.

CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: August 15, 2001
Re: Town of Masontown Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture) and Series 2001 B (West Virginia Infrastructure Fund)

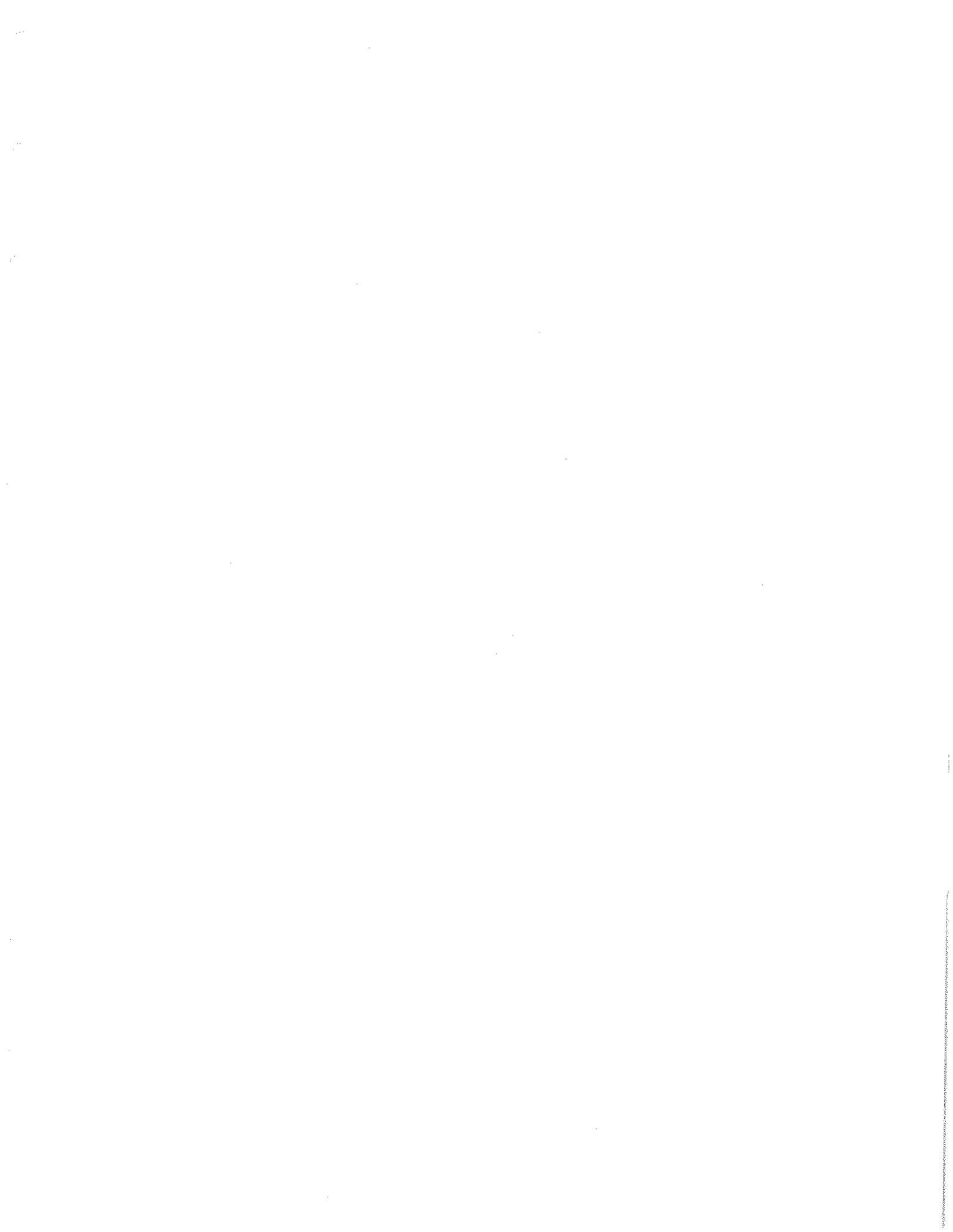
1. DISBURSEMENTS TO TOWN OF MASONTOWN

- A. Payor: United States of America, Department of Agriculture
Amount: \$110,000.00
Form: ACH Transfer
Payee: Town of Masontown
Bank: WesBanco Bank (Masontown Branch)
Routing #: 043400036
Account #: 2816622290
Contact: Ms. Judy Bolyard ((304) 864-6300)
Account: Town of Masontown Sewer Project Construction Account
- B. Payor: West Virginia Infrastructure Fund
Amount: \$122,300.00
Form: Wire Transfer
Payee: Town of Masontown
Bank: WesBanco Bank (Masontown Branch)
Routing #: 043400036
Account #: 2816622290
Contact: Ms. Judy Bolyard ((304) 864-6300)
Account: Town of Masontown Sewer Project Construction Account
- C. Payor: Town of Reedsville
Amount: \$380,000.00
Form: Check
Payee: Town of Masontown
Account: Town of Masontown Sewer Project Construction Account

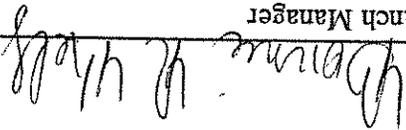
2. DISBURSEMENTS BY TOWN OF MASONTOWN

- A. Payor: Town of Masontown
Amount: \$9,090.00
Form: Check
Payee: West Virginia Water Development Authority
Account: Town of Masontown Sewer Project Construction Account
Memo: Repayment of Valley Sanitary District STEP I Loan
- B. Payor: Town of Masontown
Amount: \$80,165.00
Form: Check
Payee: West Virginia Water Development Authority
Account: Town of Masontown Sewer Project Construction Account
Memo: Repayment of Valley Sanitary District STEP II Loan
- C. Payor: Steptoe & Johnson PLLC
Amount: \$.72
Form: Check
Payee: West Virginia Water Development Authority
Memo: Repayment of WDA Step II Loan on behalf of Town of Masontown

08/15/01
561890/98001



08//16/01
561890/98001

Branch Manager


WESBANCO BANK

WITNESS my signature on this 22nd day of August, 2001.

I, Bonnie Kelly, the undersigned duly authorized representative of the Wesbanco Bank, Masontown, West Virginia (the "Bank"), hereby certify that on August 22, 2001, the Bank received an automated clearinghouse transfer in the amount of \$110,000 to the credit of the Town of Masontown, Sewerage System Construction Account, Account Number 2816622290.

RECEIPT OF DEPOSITORY BANK

Sewer Revenue Bonds, Series 2001 A

TOWN OF MASONTOWN