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**TOWN OF MASONTOWN**

**WATER REVENUE BONDS, SERIES 2007 A  
(WEST VIRGINIA INFRASTRUCTURE FUND) AND  
WATER REVENUE BONDS, SERIES 2007 B  
(WEST VIRGINIA DWTRF PROGRAM)**

**CLOSING DATE: MARCH 12, 2007**

**BONDS TRANSCRIPT**

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**TOWN OF MASONTOWN**

**Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)**

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**TOWN OF MASONTOWN**

**WATER REVENUE BONDS, SERIES 2007 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)  
AND WATER REVENUE BONDS, SERIES 2007 B  
(WEST VIRGINIA DWTRF PROGRAM)**

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TOWN OF MASONTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF MASONTOWN OF NOT MORE THAN \$815,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$635,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF 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 8, Article 19, Chapter 16, Article 13 C and Chapter 31, Article 15 A 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 presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements for the existing public waterworks system of the Issuer, consisting of approximately 2.3 miles of waterline extension to tie into Morgantown Utility Board's system and water booster station together with all necessary appurtenances (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Drinking Water Treatment Revolving Fund and the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council").

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, in the total aggregate principal amount of not more than \$1,451,000 in two series (collectively, the "Series 2007 Bonds") being the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) in the aggregate principal amount of not more than \$815,500 (the "Series 2007 A Bonds") and the Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program) in the aggregate principal amount of not more than \$635,500 (the "Series 2007 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority including the Administrative Fee (as hereinafter defined) for the Series 2007 B Bonds; discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 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 2007 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 35 years.

F. It is in the best interests of the Issuer that its Series 2007 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council, and its Series 2007 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), both loan agreements, in form satisfactory to the respective parties (collectively, the "Loan Agreements") approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds as to liens, pledge, source of and security for payment, being the Water Revenue Bond, Series 1979, dated September 25, 1980, issued in the original aggregate principal amount of \$225,000 and the Water Revenue Bond, Series 1988, dated February 14, 1989, issued in the original aggregate principal amount of \$650,000, both held by the United States Department of Agriculture, Rural Utilities Service (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Net Revenues of the System.

The Series 2007 A Bonds and the Series 2007 B Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. Prior to the issuance of the Series 2007 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2007 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with covenants of the Prior Bonds and the Prior Ordinance.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Series 2007 Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, or will have so complied prior to issuance of any thereof, including, among other

things, the approval of the Project and the financing thereof by the Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds and the Series 2007 B Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2007 A Bonds and the Series 2007 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 19, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the 2007 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and 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 2007 A Bonds, the Series 2007 B Bonds and the Prior 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.

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

"Closing Date" means the date upon which there is an exchange of the Series 2007 A Bonds and Series 2007 B Bonds for all or a portion of the proceeds of the Series 2007 A Bonds and Series 2007 B Bonds from the Authority.

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

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

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

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

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

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

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

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

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

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

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

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

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

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

"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.

"Loan Agreements" means, collectively, the respective Loan Agreements heretofore entered, or to be entered into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2007 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of BPH, providing for the purchase of the Series 2007 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2007 A Bonds and the Series 2007 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account, respectively. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"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, operation and maintenance of the System, and includes, without limiting the generality

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

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority, the Council and the BPH.

"Prior Bonds" means the Issuer's Water Revenue Bond, Series 1979, dated September 25, 1980, issued in the original aggregate principal amount of \$225,000 and the Water Revenue Bond, Series 1988, dated February 14, 1989, issued in the original aggregate principal amount of \$650,000, all held by the United States Department of Agriculture, Rural Utilities Service.

"Prior Ordinance" means the ordinances of the Issuer, as supplemented by the supplemental resolutions of the Issuer, authorizing the Prior Bonds.

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

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Board of Treasury Investments pursuant to Chapter 12, Article 6 (c) 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 Depreciation Account created by the Prior Ordinance.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2007 B Bonds and the Series 2007 B Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinance.

"Series 2007 A Bonds" means the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2007 A Bonds Construction Trust Fund" means the Series 2007 A bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account established in Section 5.02 hereof.

"Series 2007 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 2007 A Bonds in the then current or any succeeding year.

"Series 2007 A Bonds Sinking Fund" means the Series 2007 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2007 B Bonds" means the Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2007 B Bonds Construction Trust Fund" means the Series 2007 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2007 B Bonds Reserve Account" means the Series 2007 B Bonds Reserve Account established in Section 5.02 hereof.

"Series 2007 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 2007 B Bonds in the then current or any succeeding year.

"Series 2007 B Bonds Sinking Fund" means the Series 2007 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2007 Bonds" means, collectively, the Series 2007 A Bonds and Series 2007 B Bonds.

"Sinking Funds" means, collectively, the respective reserve accounts established for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds.

"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 2007 A Bonds and the Series 2007 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds and the Series 2007 B Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund Program established by the State, administered by BPH and funded by capitalized grants awarded to the State pursuant to the Federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

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

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

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01.      Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed \$1,451,000, and ordered in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council, the BPH, and the Authority.

The cost of the Project is estimated not to exceed \$1,451,000 of which approximately \$815,500 will be obtained from proceeds of the Series 2007 A Bonds and approximately \$635,500 will be obtained from proceeds of the Series 2007 B Bonds.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENTS

Section 3.01.      Authorization of Bonds. For the purposes of capitalizing interest on the Series 2007 A Bonds and the Series 2007 B Bonds, funding a reserve account for the Series 2007 A Bonds and the Series 2007 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2007 A Bonds and the Series 2007 B Bonds of the Issuer. The Series 2007 Bonds shall be issued in two series each as a single bond, designated respectively as "Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)" in the principal amount of not more than \$815,500, and "Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program)", in the principal amount of not more than \$635,500, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds remaining after funding of the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the respective Bonds Construction Trust Funds established by Section 5.01 hereof.

Section 3.02.      Terms of Bonds. The Series 2007 A Bonds and the Series 2007 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, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 A Bonds and the Series 2007 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 on the Series 2007 A Bonds and the Series 2007 B Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 A Bonds and the Series 2007 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully

registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2007 A Bonds and the Series 2007 B Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds and the Series 2007 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2007 A Bond nor Series 2007 B Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 A Bond and the Series 2007 B Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2007 A Bonds and the Series 2007 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 A Bonds and the Series 2007 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of

West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2007 A Bonds and the Series 2007 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2007 A Bonds and the Series 2007 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2007 A Bond and Series 2007 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds and Series 2007 B Bonds shall not, in any event, be or constitute a

corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2007 A Bonds and Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds and Series 2007 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service on the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2007 A Bonds and the Series 2007 B Bonds and the Prior Bonds and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2007 A Bonds and the Series 2007 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copies of the Loan Agreements; and
- E. The unqualified approving opinion of bond counsel on the Series 2007 A Bonds and the Series 2007 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds and the Series 2007 B Bonds shall be in substantially the following form, with such omissions,

insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF 2007 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
WATER REVENUE BONDS, SERIES 2007 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR- \_\_\_\_\_

\$815,500

KNOW ALL MEN BY THESE PRESENTS: That on this the \_\_\_\_ day of \_\_\_\_\_, 2007, 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 EIGHT HUNDRED FIFTEEN THOUSAND FIVE HUNDRED DOLLARS (\$815,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 200\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond at the rate per annum, shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on said EXHIBIT B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19, Chapter 16, Article 13 C 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 \_\_\_\_\_, 2007, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 25, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$225,000 (THE "SERIES 1979 BONDS") (2) THE WATER REVENUE BOND, SERIES 1988 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 14, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$650,000, (THE "SERIES 1989 BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM) DATED \_\_\_\_\_, 2007 ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$635,500 (THE "SERIES 2007 B BONDS"). THE SERIES 1979 BONDS, THE 1989 BONDS AND THE SERIES 2007 B BONDS ARE HEREINAFTER REFERRED TO AS THE "FIRST LIEN 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 Revenue in favor of the Holders of the First Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the

use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2007.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

\_\_\_\_\_  
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

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:

\_\_\_\_\_

(FORM OF 2007 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
WATER REVENUE BONDS, SERIES 2007 B  
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-\_\_\_\_\_

\$635,500

KNOW ALL MEN BY THESE PRESENTS: That on this the \_\_\_\_ day of \_\_\_\_\_, 2007, 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 SIX HUNDRED THIRTY FIVE THOUSAND FIVE HUNDRED DOLLARS (\$635,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 200\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond at the rate per annum, shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on said EXHIBIT B.

The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 200\_\_, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH), 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 BPH, dated \_\_\_\_\_, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19, Chapter 16, Article 13C 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 \_\_\_\_\_, 2007, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 25, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$225,000 (THE "SERIES 1979 BONDS") (2) THE WATER REVENUE BOND, SERIES 1988 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 14, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$650,000, (THE "SERIES 1989 BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) DATED \_\_\_\_\_, 2007 ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$815,500 (THE "SERIES 2007 A BONDS"). THE SERIES 1979 BONDS, THE 1989 BONDS AND THE SERIES 2007 A BONDS ARE HEREINAFTER REFERRED TO AS THE "FIRST LIEN 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 Revenue in favor of the Holders of the First Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 monies in the Series 2007 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 First Lien Bonds; provided however, that so long as there exists in the Series 2007 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 succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: \_\_\_\_\_, 2007.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

\_\_\_\_\_  
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(37) \$		(55) \$	
(38) \$		(56) \$	
(39) \$		(57) \$	
(40) \$		(58) \$	
(41) \$		(59) \$	
(42) \$		(60) \$	
(43) \$		(61) \$	
(44) \$		(62) \$	
(45) \$		(63) \$	
(46) \$		(64) \$	
(47) \$		(65) \$	
(48) \$		(66) \$	
(49) \$		(67) \$	
(50) \$		(68) \$	
(51) \$		(69) \$	
(52) \$		(70) \$	
(53) \$		(71) \$	
(54) \$		(72) \$	
	<b>TOTAL</b>	\$	<u>                    </u>

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 Agreements. The Series 2007 A Bonds and the Series 2007 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreements 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 Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, is hereby approved and incorporated in this Bond Legislation.

Section 3.12. "Amended Schedule A" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the BPH and the Council a schedule the form of the which will be provided by the Council and the BPH, 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 (or continued if previously established by the Prior Ordinance) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Ordinance);
- (2) Renewal and Replacement Fund (established by the Prior Ordinance as Depreciation Account);
- (3) Series 2007 A Bonds Construction Trust Fund; and
- (4) Series 2007 B Bonds Construction Trust Fund.

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

- (1) Series 2007 A Bonds Sinking Fund;
- (2) Series 2007 A Bonds Reserve Account;
- (3) Series 2007 B Bonds Sinking Fund; and
- (4) Series 2007 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, each month on or before the due date, transfer from the Revenue Fund and simultaneously remit: (i) to the National Finance Office the amounts required to be paid by the Prior Ordinance for the interest on the Prior Bonds; (ii) on the first day of the month to the Commission, commencing 3 months prior to the first date of payment of interest of the Series 2007 A Bonds for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date and (iii) to the Commission, commencing 3 months prior to the first date of payment of interest of the Series 2007 B Bonds for deposit in the Series 2007 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2007 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amounts required to be paid by the Prior Ordinance for the principal on the Prior Bonds; (ii) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date and (iii) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds for deposit in the Series 2007 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 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 2007 B Bonds Sinking Fund and the next quarterly principal payment date is less than

3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Prior Bonds reserve accounts, the amounts required by the Prior Ordinance to be deposited therein; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 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 2007 A Bonds Reserve Requirement and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, if not fully funded upon issuance of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 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 2007 B Bonds Reserve Requirement.

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

Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds as the same shall become due. Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the

Series 2007 A Bonds and the Series 2007 B Bonds respectively as the same shall come due, when other monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2007 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2007 A Bonds Reserve Account or the 2007 B Bonds Reserve Account which result in a reduction in the balance of the Series 2007 A Bonds Reserve Account or the 2007 B Bonds Reserve Account to below the Series 2007 A Bonds Reserve Requirement or the Series 2007 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 priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2007 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund or the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds, in accordance with the principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by

the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds and the Series 2007 B Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest, if any, and reserve payments with respect to the Series 2007 A Bonds and the Series 2007 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also 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 Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2007 B Bonds.

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

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

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

shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

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

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds and the Series 2007 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2007 A Bonds for the period commencing on the date of issuance of the Series 2007 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2007 B Bonds, there shall first be deposited with the Commission in the Series 2007 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2007 B Bonds for the period commencing on the date of issuance of the Series 2007 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2007 A Bonds, there shall be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2007 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2007 B Bonds, there shall be deposited with the Commission in the Series 2007 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2007 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2007 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 B Bonds Construction Trust Fund and applied solely to payment of the

costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2007 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 2007 A Bonds shall be expended as directed by the Council and any remaining proceeds of the Series 2007 B shall be applied as directed by BPH.

Section 6.02. Disbursement from the Bond Construction Trust Fund.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

Pending such application, monies in the Series 2007 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2007 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the net proceeds of the Series 2007 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 B Bonds Construction Trust Fund shall be made only after submission to the approval from the BPH, of the following:

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

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

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

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

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

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

Pending such application, monies in the respective Bonds 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 2007 A Bonds and the Series 2007 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2007 A Bonds or the Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds, or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service on the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted September 13, 2006, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreements. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2007 A Bonds and the Series 2007 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance and as provided herein and with the written consent of the Authority, the Council and the BPH.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the Council and the BPH, 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 2007 A Bonds and the Series 2007 B Bonds, immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds. Any balance remaining after the payment of the Series 2007 A Bonds and the Series 2007 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from

such sale, lease or other disposition of said property shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$10,000 and not in excess of \$50,000, shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2007 A Bonds and the Series 2007 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2007 A Bonds and the Series 2007 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2007 A Bonds and the Series 2007 B Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2007 A Bonds and the Series 2007 B Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no additional Parity Bonds payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds pursuant to this Ordinance, without the prior written consent of the Authority, the Council and the BPH and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds issued hereafter shall be on a parity in all respects with the Series 2007 A Bonds and the Series 2007 B Bonds.

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

No such Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds and shall not exceed the amount to be

stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such Parity Bonds.

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

All the covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2007 Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the revenues of the System of which is subject to the prior and superior lien of the Series 2007 A Bonds and the Series 2007 B Bonds on such revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made in accordance with this Bond Legislation have first been paid. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such revenues, with the Series 2007 Bonds except in the manner and under the conditions provided in this section.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation on account of the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of issuance of the Parity Bonds and the Issuer is then in full compliance with all the covenants, agreements and terms of this Bond Legislation and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments.

Section 7.08.      Books: Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, the Council

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

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

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

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

The Issuer shall file with the Authority, the Council and the BPH, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, requesting the same, an annual report containing the following:

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds and shall submit the report to the Authority, the Council and the BPH, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds. Such audit report submitted to the Authority, the Council and the BPH shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements 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 Agreements 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 Authority, the Council and the BPH, 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 Authority, the Council and the BPH, 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 BPH with respect to the System pursuant to the Act.

Section 7.09.      Rates. Prior to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on

the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirement are on deposit respectively in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account and reserve accounts for obligations on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior 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 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance currently in effect.

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

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreements, and forward a copy of such report to the Authority, the Council and the BPH 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 Agreements, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Council and the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the Council and the BPH is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority, the Council and the BPH 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, the BPH and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit As-Built Plans, as defined in the DWTRF Regulations, to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the Issuer when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and Federal standards. The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 5% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreements. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2007 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the actual cost thereof. In time of war the Issuer will also carry and

maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair or reconstruction of such damages or destroyed portion or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreements, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the prime contractor and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling, or building intended to be served by the System to connect thereto.

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2007 A Bonds and Series 2007 B Bonds required by State law, with all appeal periods having expired without successful appeal.

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

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2007 A 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 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A 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 2007 A 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 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A 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 2007 A 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 2007 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2007 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2007 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2007 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code, if necessary.

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 2007 A Bonds and the Series 2007 B Bonds will be and remain excusable 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 Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds and the Series 2007 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the BPH for written approval. The Issuer shall obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 A Bonds and the Series 2007 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

## ARTICLE VIII

### INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2007 A Bonds and the Series 2007 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds from gross income for federal income tax purposes.

Section 8.02.      Certificate as to Use Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007 Bonds as a condition to issuance of the Series 2007 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 2007 Bonds as may be necessary in

order to maintain the status of the Series 2007 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 2007 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, the Council or the BPH, as the case may be, from which the proceeds of the Series 2007 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, the Council, or the BPH, 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 2007 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 2007 A Bonds and the Series 2007 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2007 A Bonds and the Series 2007 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2007 A Bonds and the Series 2007 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds and the Series 2007 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond;

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

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

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 Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

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

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

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

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

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

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01.     Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2007 A Bonds and the Series 2007 B 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 2007 A Bonds and the Series 2007 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2007 A Bonds and the Series 2007 B Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2007 A Bonds and the Series 2007 B Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2007 A Bonds and the Series 2007 B Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Authority, the BPH or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Town of Masontown  
Masontown, West Virginia  
Attention: Mayor

AUTHORITY:

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

BPH:

West Virginia Bureau for Public Health  
Capitol & Washington Streets  
One Davis Square, Suite 200  
Charleston, West Virginia 25301  
Attention: Environmental Engineering

COUNCIL:

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

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

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Ordinance. In the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive) so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the

Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

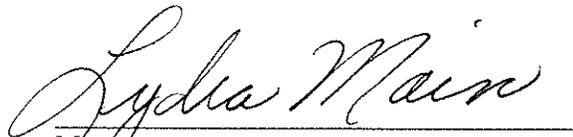
Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.09. 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, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: January 24, 2007

Passed on Second Reading: February 13, 2007

Passed on Final Reading  
Following Public  
Hearing: February 28, 2007

  
\_\_\_\_\_  
Mayor

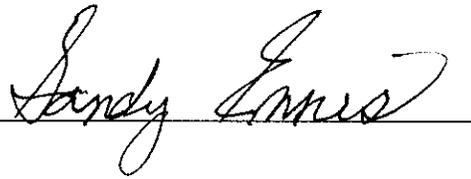
CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF MASONTOWN on the 28<sup>th</sup> day of February, 2007.

Dated: March 12, 2007.

[SEAL]

Recorder

A handwritten signature in cursive script, reading "Sandy Emms", is written over a horizontal line. The signature is positioned to the right of the word "Recorder".

06.19.06  
561890.00002

EXHIBIT A

Loan Agreements included in bond transcript as Documents 3 and 4.



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), OF THE TOWN OF MASONTOWN; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Masontown (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective February 28, 2007 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF MASONTOWN OF NOT MORE THAN \$815,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$635,500 IN AGGREGATE PRINCIPAL

AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer ( the "Series 2007 A Bonds"), in an aggregate principal amount not to exceed \$815,500 and Water Revenue Bonds Series 2007 B (West Virginia DWTRF Program) in an aggregate principal amount not to exceed \$635,500 (the "Series 2007 B Bonds"), and has authorized the execution and delivery of the loan agreements relating to the Series 2007 A Bonds and the 2007 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") for the Series 2007 A Bonds and the Water Development Authority acting on behalf o the West Virginia Bureau for Public Health for the Series 2007 B Bonds (the "Loan Agreement"), all in accordance with Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer;

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

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

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

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. Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$815,500. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2047 and shall bear interest at the rate of .5% per annum. The principal of and interest on the Series 2007 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, and maturing March 1, 2047, 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 2007 A Bonds. The Series 2007 A 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 2007 A Bonds.

B. Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$635,500. The Series 2007 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2038, and shall bear no interest. The principal of the Series 2007 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, and maturing June 1, 2038, and in the amounts as set forth in the "Schedule Y" attached to the Series 2007 B Loan Agreement and incorporated in and made a part of the Series 2007 B Bonds. The Series 2007 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2007 B Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2007 B Bonds set forth in the "Schedule Y" attached to the Series 2007 B Loan Agreement.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreements, 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 price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

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

Section 7. Series 2007 A Bonds proceeds in the amount of \$0 shall be deposited in the Series 2007 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2007 B Bond proceeds in the amount of \$0 shall be deposited in the Series 2007 B Bonds Sinking Fund.

Section 9. Series 2007 A Bonds proceeds in the amount of \$0 shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 10. Series 2007 B Bonds proceeds in the amount of \$0 shall be deposited in the Series 2007 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2007 A Bonds shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund as received from the Council from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 12, 2007, to the Authority pursuant to the Loan Agreements.

Section 13. 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 14. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

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

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

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Adopted this 28<sup>th</sup> day of February, 2007.

By: Lydia Main  
Its: Mayor

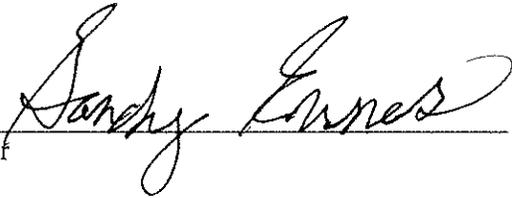
CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Masontown on the 28<sup>th</sup> of February, 2007.

Dated: March 12, 2007.

[SEAL]

Recorder



A handwritten signature in cursive script, reading "Sandy Ennes", is written over a horizontal line. The signature is positioned to the right of the word "Recorder".

02.01.07  
561890.00002



IC-1  
(11/01/04)

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)

W I T N E S S E T H:

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

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to 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, during 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 acquisition or construction of the Project and for two years following the completion of acquisition or construction 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 10<sup>th</sup> 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 (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 (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by 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 notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether 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 regarding the use of the proceeds of the Local Bonds, 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;

(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; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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 this Loan Agreement, 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:

- (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.

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

TOWN OF MASONTOWN

(SEAL)

Attest:

*Sandy Curtis*  
Its: Recorder

By: *Sybil Mann*

Its: Mayor

Date: March 12, 2007

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

Attest:

*Barbara B Meadows*  
Its: Secretary-Treasurer

By: *Daniel B. Lykens*

Its: Director

Date: March 12, 2007

{C1173252.1}

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 firm<sup>1</sup> has ascertained that all \_\_\_\_\_

<sup>1</sup>If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of \_\_\_\_\_,

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, <sup>2</sup>the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project 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. \_\_\_\_\_

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Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

MONTHLY FINANCIAL REPORT

Name of Governmental Agency \_\_\_\_\_  
 Name of Bond Issue(s) \_\_\_\_\_  
 Type of Project \_\_\_\_\_ Water \_\_\_\_\_ Wastewater \_\_\_\_\_  
 Fiscal Year \_\_\_\_\_ Report Month \_\_\_\_\_

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development Authority	_____	_____	_____	_____
Rural Utilities Service	_____	_____	_____	_____
Economic Development Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

\_\_\_\_\_  
 Name of Person Completing Form

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 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 ( $\$1,200/12$ ). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any 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.

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 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 Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

**The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.**

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 \$815,500  
Purchase Price of Local Bonds \$815,500

The Local Bonds shall bear interest at a rate of 0.5% per annum. Interest shall start accruing on June 1, 2008. The principal and interest on the Notes shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing on September 1, 2008 and maturing on March 1, 2047.

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:

- (1) Town of Masontown Water Revenue Bond, Series 1979, dated September 25, 1980, issued in the original aggregate principal amount of \$225,000, held by the United States Department of Agriculture, Rural Utilities Service; and
- (2) Town of Masontown Water Revenue Bond, Series 1988, dated February 14, 1989, issued in the original aggregate principal amount of \$650,000, held by the United States Department of Agriculture, Rural Utilities Service.

## SCHEDULE Y

**\$815,500****Town of Masontown****40 Years from Closing Date, 0.5% Interest Rate****Closing Date: March 12, 2007****Debt Service Schedule**

Part 1 of 5

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	4,771.00	0.500%	1,019.38	5,790.38
12/01/2008	4,777.00	0.500%	1,013.41	5,790.41
03/01/2009	4,783.00	0.500%	1,007.44	5,790.44
06/01/2009	4,789.00	0.500%	1,001.46	5,790.46
09/01/2009	4,795.00	0.500%	995.48	5,790.48
12/01/2009	4,801.00	0.500%	989.48	5,790.48
03/01/2010	4,807.00	0.500%	983.48	5,790.48
06/01/2010	4,813.00	0.500%	977.47	5,790.47
09/01/2010	4,819.00	0.500%	971.46	5,790.46
12/01/2010	4,825.00	0.500%	965.43	5,790.43
03/01/2011	4,831.00	0.500%	959.40	5,790.40
06/01/2011	4,837.00	0.500%	953.36	5,790.36
09/01/2011	4,843.00	0.500%	947.32	5,790.32
12/01/2011	4,849.00	0.500%	941.26	5,790.26
03/01/2012	4,856.00	0.500%	935.20	5,791.20
06/01/2012	4,862.00	0.500%	929.13	5,791.13
09/01/2012	4,868.00	0.500%	923.05	5,791.05
12/01/2012	4,874.00	0.500%	916.97	5,790.97
03/01/2013	4,880.00	0.500%	910.88	5,790.88
06/01/2013	4,886.00	0.500%	904.78	5,790.78
09/01/2013	4,892.00	0.500%	898.67	5,790.67
12/01/2013	4,898.00	0.500%	892.55	5,790.55
03/01/2014	4,904.00	0.500%	886.43	5,790.43
06/01/2014	4,910.00	0.500%	880.30	5,790.30
09/01/2014	4,917.00	0.500%	874.16	5,791.16
12/01/2014	4,923.00	0.500%	868.02	5,791.02
03/01/2015	4,929.00	0.500%	861.86	5,790.86
06/01/2015	4,935.00	0.500%	855.70	5,790.70
09/01/2015	4,941.00	0.500%	849.53	5,790.53
12/01/2015	4,947.00	0.500%	843.36	5,790.36
03/01/2016	4,954.00	0.500%	837.17	5,791.17
06/01/2016	4,960.00	0.500%	830.98	5,790.98
09/01/2016	4,966.00	0.500%	824.78	5,790.78
12/01/2016	4,972.00	0.500%	818.57	5,790.57
03/01/2017	4,978.00	0.500%	812.36	5,790.36
06/01/2017	4,985.00	0.500%	806.14	5,791.14
09/01/2017	4,991.00	0.500%	799.90	5,790.90
12/01/2017	4,997.00	0.500%	793.67	5,790.67
03/01/2018	5,003.00	0.500%	787.42	5,790.42

**\$815,500**

**Town of Masontown  
40 Years from Closing Date, 0.5% Interest Rate  
Closing Date: March 12, 2007**

**Debt Service Schedule**

Part 2 of 5

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
06/01/2018	5,010.00	0.500%	781.17	5,791.17
09/01/2018	5,016.00	0.500%	774.90	5,790.90
12/01/2018	5,022.00	0.500%	768.63	5,790.63
03/01/2019	5,028.00	0.500%	762.36	5,790.36
06/01/2019	5,035.00	0.500%	756.07	5,791.07
09/01/2019	5,041.00	0.500%	749.78	5,790.78
12/01/2019	5,047.00	0.500%	743.48	5,790.48
03/01/2020	5,054.00	0.500%	737.17	5,791.17
06/01/2020	5,060.00	0.500%	730.85	5,790.85
09/01/2020	5,066.00	0.500%	724.52	5,790.52
12/01/2020	5,073.00	0.500%	718.19	5,791.19
03/01/2021	5,079.00	0.500%	711.85	5,790.85
06/01/2021	5,085.00	0.500%	705.50	5,790.50
09/01/2021	5,092.00	0.500%	699.15	5,791.15
12/01/2021	5,098.00	0.500%	692.78	5,790.78
03/01/2022	5,104.00	0.500%	686.41	5,790.41
06/01/2022	5,111.00	0.500%	680.03	5,791.03
09/01/2022	5,117.00	0.500%	673.64	5,790.64
12/01/2022	5,123.00	0.500%	667.24	5,790.24
03/01/2023	5,130.00	0.500%	660.84	5,790.84
06/01/2023	5,136.00	0.500%	654.43	5,790.43
09/01/2023	5,143.00	0.500%	648.01	5,791.01
12/01/2023	5,149.00	0.500%	641.58	5,790.58
03/01/2024	5,156.00	0.500%	635.14	5,791.14
06/01/2024	5,162.00	0.500%	628.70	5,790.70
09/01/2024	5,168.00	0.500%	622.24	5,790.24
12/01/2024	5,175.00	0.500%	615.78	5,790.78
03/01/2025	5,181.00	0.500%	609.32	5,790.32
06/01/2025	5,188.00	0.500%	602.84	5,790.84
09/01/2025	5,194.00	0.500%	596.35	5,790.35
12/01/2025	5,201.00	0.500%	589.86	5,790.86
03/01/2026	5,207.00	0.500%	583.36	5,790.36
06/01/2026	5,214.00	0.500%	576.85	5,790.85
09/01/2026	5,220.00	0.500%	570.33	5,790.33
12/01/2026	5,227.00	0.500%	563.81	5,790.81
03/01/2027	5,233.00	0.500%	557.28	5,790.28
06/01/2027	5,240.00	0.500%	550.73	5,790.73
09/01/2027	5,247.00	0.500%	544.18	5,791.18
12/01/2027	5,253.00	0.500%	537.63	5,790.63
03/01/2028	5,260.00	0.500%	531.06	5,791.06
06/01/2028	5,266.00	0.500%	524.48	5,790.48
09/01/2028	5,273.00	0.500%	517.90	5,790.90
12/01/2028	5,279.00	0.500%	511.31	5,790.31
03/01/2029	5,286.00	0.500%	504.71	5,790.71

**\$815,500**  
**Town of Masontown**  
**40 Years from Closing Date, 0.5% Interest Rate**  
**Closing Date: March 12, 2007**

**Debt Service Schedule**

Part 3 of 5

Date	Principal	Coupon	Interest	Total P+I
06/01/2029	5,293.00	0.500%	498.10	5,791.10
09/01/2029	5,299.00	0.500%	491.49	5,790.49
12/01/2029	5,306.00	0.500%	484.86	5,790.86
03/01/2030	5,312.00	0.500%	478.23	5,790.23
06/01/2030	5,319.00	0.500%	471.59	5,790.59
09/01/2030	5,326.00	0.500%	464.94	5,790.94
12/01/2030	5,332.00	0.500%	458.29	5,790.29
03/01/2031	5,339.00	0.500%	451.62	5,790.62
06/01/2031	5,346.00	0.500%	444.95	5,790.95
09/01/2031	5,352.00	0.500%	438.26	5,790.26
12/01/2031	5,359.00	0.500%	431.57	5,790.57
03/01/2032	5,366.00	0.500%	424.88	5,790.88
06/01/2032	5,373.00	0.500%	418.17	5,791.17
09/01/2032	5,379.00	0.500%	411.45	5,790.45
12/01/2032	5,386.00	0.500%	404.73	5,790.73
03/01/2033	5,393.00	0.500%	398.00	5,791.00
06/01/2033	5,399.00	0.500%	391.25	5,790.25
09/01/2033	5,406.00	0.500%	384.51	5,790.51
12/01/2033	5,413.00	0.500%	377.75	5,790.75
03/01/2034	5,420.00	0.500%	370.98	5,790.98
06/01/2034	5,426.00	0.500%	364.21	5,790.21
09/01/2034	5,433.00	0.500%	357.42	5,790.42
12/01/2034	5,440.00	0.500%	350.63	5,790.63
03/01/2035	5,447.00	0.500%	343.83	5,790.83
06/01/2035	5,454.00	0.500%	337.02	5,791.02
09/01/2035	5,461.00	0.500%	330.21	5,791.21
12/01/2035	5,467.00	0.500%	323.38	5,790.38
03/01/2036	5,474.00	0.500%	316.55	5,790.55
06/01/2036	5,481.00	0.500%	309.70	5,790.70
09/01/2036	5,488.00	0.500%	302.85	5,790.85
12/01/2036	5,495.00	0.500%	295.99	5,790.99
03/01/2037	5,502.00	0.500%	289.12	5,791.12
06/01/2037	5,508.00	0.500%	282.25	5,790.25
09/01/2037	5,515.00	0.500%	275.36	5,790.36
12/01/2037	5,522.00	0.500%	268.47	5,790.47
03/01/2038	5,529.00	0.500%	261.57	5,790.57
06/01/2038	5,536.00	0.500%	254.65	5,790.65
09/01/2038	5,543.00	0.500%	247.73	5,790.73
12/01/2038	5,550.00	0.500%	240.81	5,790.81
03/01/2039	5,557.00	0.500%	233.87	5,790.87
06/01/2039	5,564.00	0.500%	226.92	5,790.92
09/01/2039	5,571.00	0.500%	219.97	5,790.97
12/01/2039	5,578.00	0.500%	213.00	5,791.00
03/01/2040	5,585.00	0.500%	206.03	5,791.03

**\$815,500**

**Town of Masontown**

**40 Years from Closing Date, 0.5% Interest Rate**

**Closing Date: March 12, 2007**

**Debt Service Schedule**

**Part 4 of 5**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
06/01/2040	5,592.00	0.500%	199.05	5,791.05
09/01/2040	5,599.00	0.500%	192.06	5,791.06
12/01/2040	5,606.00	0.500%	185.06	5,791.06
03/01/2041	5,613.00	0.500%	178.05	5,791.05
06/01/2041	5,620.00	0.500%	171.04	5,791.04
09/01/2041	5,627.00	0.500%	164.01	5,791.01
12/01/2041	5,634.00	0.500%	156.98	5,790.98
03/01/2042	5,641.00	0.500%	149.94	5,790.94
06/01/2042	5,648.00	0.500%	142.88	5,790.88
09/01/2042	5,655.00	0.500%	135.82	5,790.82
12/01/2042	5,662.00	0.500%	128.76	5,790.76
03/01/2043	5,669.00	0.500%	121.68	5,790.68
06/01/2043	5,676.00	0.500%	114.59	5,790.59
09/01/2043	5,683.00	0.500%	107.50	5,790.50
12/01/2043	5,690.00	0.500%	100.39	5,790.39
03/01/2044	5,697.00	0.500%	93.28	5,790.28
06/01/2044	5,705.00	0.500%	86.16	5,791.16
09/01/2044	5,712.00	0.500%	79.03	5,791.03
12/01/2044	5,719.00	0.500%	71.89	5,790.89
03/01/2045	5,726.00	0.500%	64.74	5,790.74
06/01/2045	5,733.00	0.500%	57.58	5,790.58
09/01/2045	5,740.00	0.500%	50.42	5,790.42
12/01/2045	5,747.00	0.500%	43.24	5,790.24
03/01/2046	5,755.00	0.500%	36.06	5,791.06
06/01/2046	5,762.00	0.500%	28.86	5,790.86
09/01/2046	5,769.00	0.500%	21.66	5,790.66
12/01/2046	5,776.00	0.500%	14.45	5,790.45
03/01/2047	5,783.00	0.500%	7.23	5,790.23
06/01/2047	-	0.500%	-	-
<b>Total</b>	<b>\$815,500.00</b>	<b>-</b>	<b>\$82,059.42</b>	<b>\$897,559.42</b>

SCHEDULE Z

None.



DWTRF  
(11/01/04)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "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 under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

TOWN OF MASONTOWN  
(Local Entity)

W I T N E S S E T H:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

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

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

1.8 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

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

1.10 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "System" means the drinking water system owned by the Local Entity, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

## ARTICLE II

### The Project and the System

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

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

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

2.4 The Local Entity agrees that the Authority and BPH and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Entity further agrees that the Authority and BPH and their respective duly authorized agents shall, prior to, during 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 BPH with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH 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, BPH and the Local Entity at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

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

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

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

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

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) The Local Entity shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim construction financing, the Local Entity 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 BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

(e) The Local Entity 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 BPH shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Entity shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and BPH shall have received an opinion of counsel to the

Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

(h) The Local Entity 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 BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at

the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Entity 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, BPH and the Local Entity. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

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

## ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

Provided that if the Local Entity 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, as applicable, of the System as provided in the Local Act;

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

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

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

(v) That the Local Entity 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 BPH;

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

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

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

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

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

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, 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 BPH. If the Local Entity receives \$300,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity 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 BPH within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Entity 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 funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and BPH, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

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

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

as submitted to the Authority and BPH is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

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

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Local Entity

6.1 The Local Entity hereby acknowledges to the Authority and BPH its understanding of the provisions of the Act, vesting in the Authority and BPH certain powers, rights and privileges with respect to drinking water projects in the event of default by local entities in the terms and covenants of this Loan Agreement, and the Local Entity hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Entity shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Local Entity hereby warrants and represents that all information provided to the Authority and BPH 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 BPH 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 BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the DWTRF Regulations or this Loan Agreement.

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

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

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

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

6.7 The Local Entity hereby agrees to file with the Authority and BPH 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 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Local Entity supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

(ii) 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 BPH if the Local Entity has failed to deliver the Local Bonds to the Authority;

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

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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

TOWN OF MASONTOWN

(SEAL)

By: *Lydia Main*  
Its: Mayor  
Date: March 12, 2007

Attest:

*Sandy Emus*  
Its: Recorder

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By: *Samuel B. Goshoff*  
Its: Director  
Date: March 12, 2007

Attest:

*Barbara B. Meadows*  
Its: Secretary-Treasurer

000832/00520  
11/01/04

EXHIBIT A

MONTHLY FINANCIAL REPORT

Name of Local Entity \_\_\_\_\_  
 Name of Bond Issue(s) \_\_\_\_\_  
 Type of Project \_\_\_\_\_ Water \_\_\_\_\_ Wastewater \_\_\_\_\_  
 Fiscal Year \_\_\_\_\_ Report Month \_\_\_\_\_

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development Authority	_____	_____	_____	_____
Rural Utilities Service	_____	_____	_____	_____
Economic Development Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

\_\_\_\_\_  
 Name of Person Completing Form

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1      You will need a copy of the current fiscal year budget adopted by the Local Entity 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 ( $\$1,200/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 2      Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any 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.
- Item 3      Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Entity according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4      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 Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Entity.

**The Local Entity must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.**

EXHIBIT B  
PAYMENT REQUISITION FORM

EXHIBIT C

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 used herein and not defined herein shall have the same meaning set forth in the bond \_\_\_\_\_ adopted or enacted by the Issuer on \_\_\_\_\_, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), 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 BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least \_\_\_\_\_ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and my firm<sup>1</sup> has ascertained that all successful bidders have made

\_\_\_\_\_  
<sup>1</sup>If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of \_\_\_\_\_, Esq.] and delete "my

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 BPH 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<sup>2</sup>, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[SEAL]

By: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

West Virginia License No. \_\_\_\_\_

\_\_\_\_\_  
firm has ascertained that".

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

EXHIBIT D

SPECIAL CONDITIONS

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

EXHIBIT E

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 \_\_\_\_\_ on \_\_\_\_\_  
[Local Entity] [Date]

Sinking Fund:

Interest \$ \_\_\_\_\_

Principal \$ \_\_\_\_\_

Total: \$ \_\_\_\_\_

Reserve Account: \$ \_\_\_\_\_

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
[Name of Local Entity]

By: \_\_\_\_\_  
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

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

West Virginia Bureau for Public Health  
815 Quarrier Street, Suite 418  
Charleston, WV 25301-2616

Ladies and Gentlemen:

We are bond counsel to \_\_\_\_\_ (the "Local Entity"), a

\_\_\_\_\_.

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

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

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local Entity and is a valid and binding special obligation of the Local Entity, enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Local Entity without the consent of the Authority and the BPH.
3. The Local Entity 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 Local Entity and constitute valid and binding obligations of the Local Entity, enforceable against the Local Entity in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Entity to the Authority and are valid, legally enforceable and binding special obligations of the Local Entity, payable from the gross or net revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the gross or net 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 executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>635,500</u>
Purchase Price of Local Bonds	\$ <u>635,500</u>

The Local Bonds shall bear no interest. Commencing September 1, 2008, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

- 1) Town of Masontown Water Revenue Bond, Series 1979, dated September 25, 1980, issued in the original principal amount of \$225,000, held by the United States Department of Agriculture, Rural Utilities Service; and
- 2) Town of Masontown Water Revenue Bond, Series 1988, dated February 14, 1989, issued in the original principal amount of \$650,000, held by the United States Department of Agriculture, Rural Utilities Service.

SCHEDULE Y

\$635,500

Town of Masontown

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: March 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	5,296.00	-	5,296.00
12/01/2008	5,296.00	-	5,296.00
03/01/2009	5,296.00	-	5,296.00
06/01/2009	5,296.00	-	5,296.00
09/01/2009	5,296.00	-	5,296.00
12/01/2009	5,296.00	-	5,296.00
03/01/2010	5,296.00	-	5,296.00
06/01/2010	5,296.00	-	5,296.00
09/01/2010	5,296.00	-	5,296.00
12/01/2010	5,296.00	-	5,296.00
03/01/2011	5,296.00	-	5,296.00
06/01/2011	5,296.00	-	5,296.00
09/01/2011	5,296.00	-	5,296.00
12/01/2011	5,296.00	-	5,296.00
03/01/2012	5,296.00	-	5,296.00
06/01/2012	5,296.00	-	5,296.00
09/01/2012	5,296.00	-	5,296.00
12/01/2012	5,296.00	-	5,296.00
03/01/2013	5,296.00	-	5,296.00
06/01/2013	5,296.00	-	5,296.00
09/01/2013	5,296.00	-	5,296.00
12/01/2013	5,296.00	-	5,296.00
03/01/2014	5,296.00	-	5,296.00
06/01/2014	5,296.00	-	5,296.00
09/01/2014	5,296.00	-	5,296.00
12/01/2014	5,296.00	-	5,296.00
03/01/2015	5,296.00	-	5,296.00
06/01/2015	5,296.00	-	5,296.00
09/01/2015	5,296.00	-	5,296.00
12/01/2015	5,296.00	-	5,296.00
03/01/2016	5,296.00	-	5,296.00
06/01/2016	5,296.00	-	5,296.00
09/01/2016	5,296.00	-	5,296.00
12/01/2016	5,296.00	-	5,296.00
03/01/2017	5,296.00	-	5,296.00
06/01/2017	5,296.00	-	5,296.00
09/01/2017	5,296.00	-	5,296.00
12/01/2017	5,296.00	-	5,296.00
03/01/2018	5,296.00	-	5,296.00

**\$635,500**

**Town of Masontown**

**30 Years, 0% Interest Rate, 1% Administrative Fee**

**Closing Date: March 12, 2007**

**Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
06/01/2018	5,296.00	-	5,296.00
09/01/2018	5,296.00	-	5,296.00
12/01/2018	5,296.00	-	5,296.00
03/01/2019	5,296.00	-	5,296.00
06/01/2019	5,296.00	-	5,296.00
09/01/2019	5,296.00	-	5,296.00
12/01/2019	5,296.00	-	5,296.00
03/01/2020	5,296.00	-	5,296.00
06/01/2020	5,296.00	-	5,296.00
09/01/2020	5,296.00	-	5,296.00
12/01/2020	5,296.00	-	5,296.00
03/01/2021	5,296.00	-	5,296.00
06/01/2021	5,296.00	-	5,296.00
09/01/2021	5,296.00	-	5,296.00
12/01/2021	5,296.00	-	5,296.00
03/01/2022	5,296.00	-	5,296.00
06/01/2022	5,296.00	-	5,296.00
09/01/2022	5,296.00	-	5,296.00
12/01/2022	5,296.00	-	5,296.00
03/01/2023	5,296.00	-	5,296.00
06/01/2023	5,296.00	-	5,296.00
09/01/2023	5,296.00	-	5,296.00
12/01/2023	5,296.00	-	5,296.00
03/01/2024	5,296.00	-	5,296.00
06/01/2024	5,296.00	-	5,296.00
09/01/2024	5,296.00	-	5,296.00
12/01/2024	5,296.00	-	5,296.00
03/01/2025	5,296.00	-	5,296.00
06/01/2025	5,296.00	-	5,296.00
09/01/2025	5,296.00	-	5,296.00
12/01/2025	5,296.00	-	5,296.00
03/01/2026	5,296.00	-	5,296.00
06/01/2026	5,296.00	-	5,296.00
09/01/2026	5,296.00	-	5,296.00
12/01/2026	5,296.00	-	5,296.00
03/01/2027	5,296.00	-	5,296.00
06/01/2027	5,296.00	-	5,296.00
09/01/2027	5,296.00	-	5,296.00
12/01/2027	5,296.00	-	5,296.00
03/01/2028	5,296.00	-	5,296.00
06/01/2028	5,296.00	-	5,296.00
09/01/2028	5,296.00	-	5,296.00
12/01/2028	5,296.00	-	5,296.00
03/01/2029	5,296.00	-	5,296.00

**\$635,500**

**Town of Masontown**

**30 Years, 0% Interest Rate, 1% Administrative Fee**

**Closing Date: March 12, 2007**

**Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
06/01/2029	5,296.00	-	5,296.00
09/01/2029	5,296.00	-	5,296.00
12/01/2029	5,296.00	-	5,296.00
03/01/2030	5,296.00	-	5,296.00
06/01/2030	5,296.00	-	5,296.00
09/01/2030	5,296.00	-	5,296.00
12/01/2030	5,296.00	-	5,296.00
03/01/2031	5,296.00	-	5,296.00
06/01/2031	5,296.00	-	5,296.00
09/01/2031	5,296.00	-	5,296.00
12/01/2031	5,296.00	-	5,296.00
03/01/2032	5,296.00	-	5,296.00
06/01/2032	5,296.00	-	5,296.00
09/01/2032	5,296.00	-	5,296.00
12/01/2032	5,296.00	-	5,296.00
03/01/2033	5,296.00	-	5,296.00
06/01/2033	5,296.00	-	5,296.00
09/01/2033	5,295.00	-	5,295.00
12/01/2033	5,295.00	-	5,295.00
03/01/2034	5,295.00	-	5,295.00
06/01/2034	5,295.00	-	5,295.00
09/01/2034	5,295.00	-	5,295.00
12/01/2034	5,295.00	-	5,295.00
03/01/2035	5,295.00	-	5,295.00
06/01/2035	5,295.00	-	5,295.00
09/01/2035	5,295.00	-	5,295.00
12/01/2035	5,295.00	-	5,295.00
03/01/2036	5,295.00	-	5,295.00
06/01/2036	5,295.00	-	5,295.00
09/01/2036	5,295.00	-	5,295.00
12/01/2036	5,295.00	-	5,295.00
03/01/2037	5,295.00	-	5,295.00
06/01/2037	5,295.00	-	5,295.00
09/01/2037	5,295.00	-	5,295.00
12/01/2037	5,295.00	-	5,295.00
03/01/2038	5,295.00	-	5,295.00
06/01/2038	5,295.00	-	5,295.00
<b>Total</b>	<b>\$635,500.00</b>	<b>-</b>	<b>\$635,500.00 *</b>

\*Plus \$800.98 one-percent administrative fee paid quarterly. Total fee over life of loan is \$96,117.60.



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 29th day of November, 2006.

CASE NO. 04-1642-W-CN

TOWN OF MASONTOWN

Application for a certificate of convenience and necessity to extend the Town's 8-inch waterline approximately 2.3 miles to tie-in with Morgantown with addition of a water booster station in the County of Preston.

**COMMISSION ORDER**

On October 5, 2004, the Town of Masontown (Town), a municipal utility, filed an application, duly verified, for a certificate of convenience and necessity to construct certain additions and improvements to its water system, including a waterline extension and water booster station, in order to provide Masontown with an additional source of potable water. A Water Purchase Agreement (Agreement) between the Town and the Morgantown Utility Board (MUB) was filed along with the certificate filing.

The Administrative Law Judge (ALJ) assigned to this case issued a Recommended Decision on March 22, 2005 (Final Order April 11, 2005), ordering:

IT IS, THEREFORE, ORDERED that the application filed by the Town of Masontown, on October 5, 2004, for a certificate of convenience and necessity to extend the Town's waterline to connect with the Morgantown Utility Board and add a water booster station for the Town of Masontown, be, and hereby is, granted.

IT IS FURTHER ORDERED that the permanent financing for the project, consisting of a West Virginia Infrastructure and Jobs Development Council loan in the amount of \$815,500, for a period not to exceed 40 years, at a 0.5% interest rate, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Town of Masontown be, and hereby is, directed to submit a certificate of substantial completion for the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that the Town of Masontown be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for the project.

IT IS FURTHER ORDERED that the Water Purchase Agreement proposed between the City of Morgantown through the Morgantown Utility Board and the Town of Masontown for the purchase of water by the Town of Masontown be, and hereby is, approved, subject to receipt of an executed copy of said agreement within thirty (30) days of the date that this Order becomes the final order of the Commission.

IT IS FURTHER ORDERED that, if there are any changes in the scope, plans or financing of this project, the Town obtain Commission approval of such changes prior to commencing construction.

The Town filed a letter on November 16, 2006 (dated November 13, 2006) stating that the cost determined by MUB required to make the connection between MUB and the Town greatly exceeded the original cost estimate. The Tap Fee payable to MUB is now \$638,000 with MUB contributing \$150,000. The Town stated that its binding commitment letter from the West Virginia Infrastructure and Jobs Development Council for \$815,000 is still in effect. In addition, the Town has a binding letter from the Drinking Water Treatment Revolving Fund (DWTRF) in the amount of \$635,500.

The Town stated that the total project cost is now expected to be \$1,451,000. The Town stated that a rate increase would not be necessary. The Town's filing also included an executed copy of the Water Purchase Agreement. The Town stated that it planned to bid the project by December 1, 2006 and asked that the Commission issue an order on or before November 29, 2006 to accommodate that schedule.

On November 28, 2006 Commission Staff (Staff) filed its "Initial and Final Joint Staff Memorandum." Therein Staff noted that the tap fee payable to MUB is now \$638,000, while the original estimate was \$65,000. Staff described the Town's additional funding as a loan in the amount of \$635,500 at 0.00% interest and a 1% administrative fee for 30 years from the DWTRF.

Staff noted that upon completion of the project the Town is proposed to have operating revenues and operating expenses of \$290,387 and \$164,499 respectively and that this amount of operating revenues will be sufficient to cover the proposed annual operating expenses and debt service requirements, while providing a surplus of approximately \$26,301 and a debt coverage ratio of 132.21%. Staff also noted that the Town's tariff should be brought into conformity with the Commission's *Tariff Rules* during the Town's next rate ordinance. In closing, Staff recommended approval of the Town's filing.

## DISCUSSION

The Commission shall approve the new project cost and the additional funding in the form of a loan in the amount of \$635,500 at 0.00% interest and a 1% administrative fee for 30 years from the DWTRF.

## FINDINGS OF FACT

1. The Town filed a request for approval of an increased project cost and the additional funding necessary in light of the project cost increase.
2. The increased project cost will not necessitate a rate increase for the Town.
3. Staff recommends approval of the increased project cost and funding.

## CONCLUSION OF LAW

It is reasonable to approve the increased project cost and attendant increase in funding.

## ORDER

IT IS THEREFORE ORDERED that the revised project cost in the amount of \$1,451,000 is hereby approved.

IT IS FURTHER ORDERED that the loan in the amount of \$635,500 at 0.00% interest and a 1% administrative fee for 30 years from the DWTRF, is hereby approved.

IT IS FURTHER ORDERED that if there are changes in the project's plans, scope, or its terms of financing which affect rates, the Town must seek the Commission's prior approval of those changes.

IT IS FURTHER ORDERED that if there is a change in the project cost that does not affect rates, the Town need not petition to reopen this case for further Commission approval. Instead, the Town must file an affidavit from its certified public accountant verifying that rates are not affected.

IT IS FURTHER ORDERED that in all other respects the March 22, 2005 Recommended Decision (Final Order April 11, 2005) remains the Final Order of the Commission.

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 and by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

JJW/s  
041642ca.wpd

PSC Order

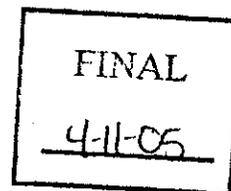
PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

**ENTERED****ORIGINAL**Order Book 05-J Entered: March 22, 2005

CASE NO. 04-1642-W-CN

## TOWN OF MASONTOWN

Application for a certificate of convenience and necessity to extend the Town's 8-inch waterline approximately 2.3 miles to tie-in with Morgantown with addition of a water booster station in the County of Preston.

RECOMMENDED DECISION

On October 5, 2004, the Town of Masontown (Town or Applicant), a municipal utility, filed an application, duly verified, for a certificate of convenience and necessity to construct certain additions and improvements to its water system, including a waterline extension and water booster station, in order to provide Masontown with an additional source of potable water. Construction for the project will cost approximately \$815,500, which includes a \$65,000 tap fee payable to the Morgantown Utility Board (MUB). Construction is to be financed by a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of \$815,500, for a period not to exceed 40 years, at a 0.5% interest rate. The Town did not anticipate a rate increase and advised that it has no retail customers.

By Order entered October 5, 2004, the Commission directed the Applicant to give notice of the application by publishing a copy of the October 5, 2004 Order in a newspaper of general circulation in Preston County. The Order provided notice that anyone desiring to protest the application or intervene in this matter must file a written protest or intervention within thirty (30) days following the date of the publication, unless modified by Commission order. All protestants and intervenors were directed to include a brief statement of the reasons for protest or intervention.

On November 9, 2004, Staff filed its Initial Joint Staff Memorandum recommending that the matter be referred to the Division of Administrative Law Judges for final disposition.

On February 3, 2005, Staff filed its Final Joint Staff Memorandum recommending that the Commission approve the application. Staff advised that the file did not contain proof that the required Notice of Filing was published, but that the Town's attorney assured Staff that the Notice

was published in Preston County on October 20, 2004.<sup>1</sup> Staff noted that the Town's current water source is a reservoir which, according to the Town's engineering report, does not provide the Town with adequate water storage, as required by the West Virginia Bureau of Public Health. Staff believes that the proposed additional source of water will help enable the Town to extend its water distribution system and provide service to any new customers, as the Town grows. By adding the new water source, the Town will be able to reduce the amount of pumping time required to fill the Town's 100,000-gallon water storage tank. Once the two water systems are connected, the Town proposes to abandon its existing water treatment plant. The project will provide service to eleven (11) new water customers who currently have no public water supply and improve the living conditions of those residents. Staff found the project to be financially feasible.

A Water Purchase Agreement (Agreement) between the Town and MUB was filed with the certificate filing. Technical Staff reviewed the Agreement and recommended that the Commission approve it as part of the certificate case. The Staff Attorney advised that the Agreement contains standard terms and conditions that are typically contained in water purchase agreements and concurred with Technical Staff that the Agreement should be approved. Staff did not have any objection to the paragraphs regarding the unique situation between the Town and MUB. Staff has reviewed the Town's existing water tariff and believes that the Town should adopt a municipal ordinance which brings its existing water tariff into conformance with the Commission's Rules and Regulations for the Construction and Filing of Tariffs (Tariff Rules). Staff provided the Applicant with a copy of a recommended tariff.

Technical Staff noted that the State of West Virginia Office of Environmental Health Services issued Permit No. 16,092, on June 2, 2004, for the Town to extend the system and provide all necessary appurtenances for connection to the MUB water system at Tyrone Road. The permit provides for the facilities to serve approximately 750 existing and 11 new customers in the Town's new water works system. The interconnection between the Town and MUB will provide the Town with an alternate source of water and, if necessary, a complete new source of water should the Town's existing water works treatment plant be abandoned. Staff believes that the project is both necessary and convenient. Staff opined that the plans and specifications provided for the project are in general conformance with the Commission's rules and regulations. Staff recommended that the Commission approve the application; that it approve the financing of a WVIJDC loan in the amount of \$815,500, for a period not to exceed 40 years, at an interest rate of 0.5%; that, if additional funding is required to complete the proposed project, the Town petition the Commission for approval of said funding; that, if the plans, scope or terms of financing for the project change, the Town should request a reopening of the certificate case for adjustments and approval; that the Town file a copy of the engineer's certified bid tabulations, as soon as

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<sup>1</sup>On February 4, 2005, the Town filed an affidavit of publication indicating that the Notice of Filing was published in The Preston County Journal, a newspaper of general circulation in Preston County, on October 20, 2004.

they are available; and that the Town notify the Commission when its engineer has performed the substantial completion inspection of the project. Staff also recommended approving the Water Purchase Agreement between the Town and MUB, believing that the Town should pass an ordinance to bring its tariff in conformance with the Commission's Tariff Rules.

On February 8, 2005, the Town filed its O&M calculations for the Masontown waterline extension project.

On March 7, 2005, the Town advised that it was in receipt of the Final Joint Staff Memorandum and does not object to the recommendations contained therein. The Town requested that the Commission expedite its consideration of this matter.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that the application should be approved, along with the proposed financing and the Water Purchase Agreement. The Town's rates are sufficient to support this project and no one protested the notice of the application. Staff has provided the Town with a sample ordinance and the Administrative Law Judge strongly urges the Town to incorporate the Commission's Tariff Rules into its tariff the next time it passes a rate ordinance.

#### FINDINGS OF FACT

1. On October 5, 2004, the Town of Masontown, a municipal utility, filed an application, duly verified, for a certificate of convenience and necessity to construct certain additions and improvements to its water system, including a waterline extension and water booster station, to provide additional sources of potable water in Preston County. The project is designed to provide additional service to approximately eleven (11) new customers and is to serve as an interconnection with the Morgantown Utility Board's system, which will provide an additional alternative water source and, if necessary, a complete new water source should the existing Masontown water works water treatment plant be abandoned. (See, Application; Permit No. 16,092).

2. The Town's Notice of Filing was published on October 20, 2004, in The Preston County Journal, a newspaper of general circulation in Preston County. The protest period expired, without protests having been filed to the application. (See, Affidavit of Publication filed February 4, 2005; case file generally).

3. The project, which will cost approximately \$815,500, including a \$65,000 tap fee to be paid to the Morgantown Utility Board, will be financed by a WVIJDC loan in the amount of \$815,500, for a period not to exceed 40 years, at an interest rate not to exceed 0.5%. (See, Application; Final Joint Staff Memorandum, with attachments, filed February 3, 2005).

4. The Engineering Division's Technical Staff advised that the Town will be adding approximately 2.2 miles of waterline within the proposed project; the project will enable the Town to construct the

necessary improvements to its water system to reduce the time of pumping necessary to maintain its 100,000-gallon water tank; and the project will provide water service to approximately eleven (11) new customers, who currently have no public water supply. The proposed project also will provide the Town with an alternate source of potable water in order to extend its service to more customers and improve living conditions of the residents. (See, Final Joint Staff Memorandum, with attachments, filed February 3, 2005).

5. The Office of Environmental Health Services issued Permit No. 16,092, on June 2, 2004, to Masontown to serve the Town's approximately 750 existing and 11 new customers in the Masontown system and to provide an interconnection with the Morgantown Utility Board system in order to secure an additional, alternate source of water, and, if necessary, a complete new source of water should the existing Masontown water works water treatment plant be abandoned. (See, Final Joint Staff Memorandum, with attachments, filed February 3, 2005; Application and Permit No. 16,092 filed October 5, 2004).

6. The Town is not proposing to increase its rates in conjunction with the project. Staff believes that, upon completion of the project, the Town will have operating revenues and operating expenses of \$229,808 and \$143,382, respectively, which Staff believes will be sufficient to cover the proposed annual operating expenses and debt service requirements, while providing a surplus of approximately \$8,271 and a debt coverage ratio of 114.21%. (See, Final Joint Staff Memorandum, with attachments, filed February 3, 2005).

7. Staff, which recommended that the Town standardize its tariff to conform with the Public Service Commission's Tariff Rules, provided the Town with a copy of a sample tariff. (See, Final Joint Staff Memorandum, with attachments, filed February 3, 2005).

8. The Town of Masontown filed a copy of an agreement between it and the City of Morgantown, by and through the Morgantown Utility Board, in which the MUB agreed to sell no more than 144,000 gallons of water per day to the Town. (See, Application; Draft copy of the Water Purchase Agreement filed October 5, 2004).

9. Staff recommended approving the Water Purchase Agreement between the City of Morgantown and the Town of Masontown. (See, Final Joint Staff Memorandum, with attachments, filed February 3, 2005).

10. Staff recommended that the Commission approve the Town's application for a certificate of convenience and necessity to construct certain additions and improvements to its water system; the financing of the project, comprised of a WVIJDC loan in the amount of \$815,500, for a period not to exceed 40 years, at an interest rate not to exceed 0.5%; and the proposed Water Purchase Agreement between the City of Morgantown through MUB and the Town of Masontown. Staff also recommended that the Town submit an executed copy of the Agreement once the case is final; that, if the plans, scope or terms of financing for the project change, the Town should request a reopening of the certificate for adjustments and approval; that the engineer's certified bid tabulations be filed with the Commission as soon as they are available; that the Town notify the

Commission upon substantial completion of its project; and that the Town bring its tariff into conformity with the Public Service Commission's Tariff Rules. (See, Final Joint Staff Memorandum, with attachments, filed February 3, 2005).

#### CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The project is adequately financed and economically feasible.

3. It is reasonable to grant the certificate application; approve the Town's permanent financing consistent with a West Virginia Infrastructure and Jobs Development Council loan in the amount of \$815,500, for a period not to exceed 40 years, at an interest rate of 0.5%; require the Town to acquire Commission approval should the scope or financing of the project change; require the Town to file a copy of the engineer's certified tabulation of bids, within ten days of the bid opening date; and require the submission of a certificate of substantial completion from the Town's engineer as soon as it becomes available.

4. West Virginia Code §24-2-12 requires the Commission's approval for the District to enter into the Water Purchase Agreement with MUB. (See, Final Joint Staff Memorandum, with attachments, filed February 3, 2005).

5. It is reasonable to approve the Water Purchase Agreement filed October 5, 2004, for use by and between the Town of Masontown and the City of Morgantown, through the Morgantown Utility Board, for execution between the parties.

#### ORDER

IT IS, THEREFORE, ORDERED that the application filed by the Town of Masontown, on October 5, 2004, for a certificate of convenience and necessity to extend the Town's waterline to connect with the Morgantown Utility Board and add a water booster station for the Town of Masontown, be, and hereby is, granted.

IT IS FURTHER ORDERED that the permanent financing for the project, consisting of a West Virginia Infrastructure and Jobs Development Council loan in the amount of \$815,500, for a period not to exceed 40 years, at a 0.5% interest rate, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Town of Masontown be, and hereby is, directed to submit a certificate of substantial completion for the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that the Town of Masontown be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for the project.

IT IS FURTHER ORDERED that the Water Purchase Agreement proposed between the City of Morgantown through the Morgantown Utility Board and the Town of Masontown for the purchase of water by the Town of Masontown be, and hereby is, approved, subject to receipt of an executed copy of said agreement within thirty (30) days of the date that this Order becomes the final order of the Commission.

IT IS FURTHER ORDERED that, if there are any changes in the scope, plans or financing of this project, the Town obtain Commission approval of such changes prior to commencing construction.

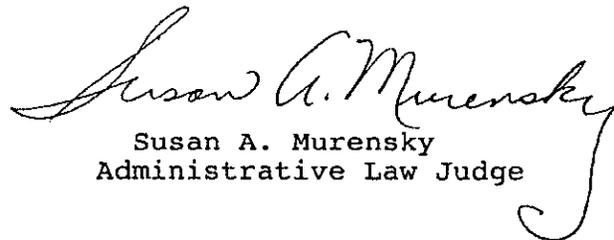
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

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

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

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

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

  
Susan A. Murensky  
Administrative Law Judge

SAM:dfs  
041642a.wpd



# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

Mark Prince  
Hurricane  
Dwight Calhoun  
Petersburg  
Jim Stranko  
Morgantown  
Dave McComas  
Prichard

300 Summers Street, Suite 98  
Charleston, West Virginia 2530  
Telephone: (304) 558-460  
Facsimile: (304) 558-460

Jefferson E. Brady, P.  
Executive Director

Jefferson.Brady@verizon.net

April 10, 2006

Roger Street, Chairman  
Masontown Water Works  
P.O. Box 645  
Masontown, West Virginia 26542

Re: Masontown Water Works  
Water Project 2001W-611

Dear Mr. Street:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Masontown Water Works' (the "Town") revised preliminary application to install a waterline to connect the Masontown water system to Morgantown Utility Board's system (the "Project").

Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Town should carefully review the enclosed comments of the Water Technical Review Committee as the Town may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Council recommends that the Town pursue a \$552,500 Drinking Water Treatment Revolving Fund loan (1%, 30 yrs) to fund this \$1,451,000 project. Please contact the WV Bureau for Public Health office at (304) 558-6749 for specific information on the steps the Town needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from this agency.**

The Council also recommends that the Town utilize a \$815,500 Infrastructure Fund Loan (0.5%, 40 yrs) and determined that the Town may be eligible for an additional \$83,000 Infrastructure Fund loan (0.5%, 40 yrs) pending the Town's readiness to proceed and availability of funds. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Council's pending list of projects

If you have any questions regarding this matter, please contact Jeff Brady at 558-4607.

Sincerely,



Mark Prince

Enclosure

cc: Pat Taylor, P.E., DEP (w/o enclosure)  
Region VI Planning & Development Council  
Matthew Fluharty, P.E., Thrasher Engineering

# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

Russell L. Isaacs, Chairman  
Cottageville  
Dwight Calhoun  
Petersburg  
C. R. "Rennie" Hill, III  
Beckley  
Timothy Stranko  
Morgantown

300 Summers Street, Suite 980  
Charleston, West Virginia 25301  
Telephone: (304) 558-4607  
Facsimile: (304) 558-4609

Katy Mallory, PE

Executive Secretary  
Katy.Mallory@verizon.net

October 22, 2003

Roger Street, Chairman  
Town of Masontown Water Works  
P.O. Box 645  
Masontown, West Virginia 26542

Re: Town of Masontown Water Works  
Water Project 2001W-611

Dear Mr. Street:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately \$815,500 (the "Loan") to the Town of Masontown Water Works (the "Town") for above referenced water project. (Project). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the Town has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the Town's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

- a. Submit Plans and Specifications to the Bureau for Public Health by February 15, 2004
- b. File Certificate Case with the Public Service Commission no later than January 15, 2004
- c. Advertise for bids no later than **May 14, 2004**  
(The Town must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure 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 Infrastructure 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 Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

Roger Street  
October 22, 2003  
Page 2

The Infrastructure Council will enter into Loan agreements with the Town following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

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

If the Town has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,



Russell L. Isaacs

RLI/km

Attachments

cc: Samme Gee, Esq., Jackson & Kelly  
Randy Watson, Thrasher Engineering, Inc.  
~~John Stump~~, Steptoe & Johnson

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Town of Masontown Water Works

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL**

Town of Masontown Water Works  
Water Project 2001W-611  
October 22, 2003

**SCHEDULE A**

- A. Approximate Amount:       \$ 815,500     Loan
- B. Loan:                               \$ 815,500
1. Maturity Date:                   40 years from date of closing.
2. Interest Rate:                   0.5%
3. Loan Advancement Date(s)       Monthly, upon receipt of proper requisition
4. Debt Service Commencement:     The first quarter following completion of construction, which date must be identified prior to closing.
5. Special Conditions:             None
- NOTICE:     The terms set forth above are subject to change following the receipt of construction bids.
- C. Total Project Cost:               \$ 815,500

Project: Town of Masontown  
 Water Works  
 County: Preston  
 Project Number: 2001W-611

Funding:  
IJDC loan     \$ 815,500  
 Total:             \$ 815,500

Action	Responsible Party	Start	Completion
Engineering Agreement (E/A)	Town/ Thrasher	complete	complete
Prepare & Submit Plans & Specs to BPH	Thrasher	October 15, 2003	January 15, 2004
Plans & Specs. Review & Approval (30 days)	BPH	January 15, 2004	February 16, 2004
Rate ordinance	Town	N/A	N/A
Prepare & submit permit applications	Thrasher	December 15, 2003	January 15, 2004
Prepare Rule 42	Roth & White	complete	complete
File Certificate Case with PSC	Sheila Williams		January 15, 2004
Review & Approve PSC Certificate (6 months)	PSC	January 15, 2004	July 15, 2004
Rights-of-way, Easements & Land Acquisition	Sheila Williams	December 15, 2003	February 16, 2004
Authority to Advertise	IJDC		May 5, 2004
Advertise for Bids (30 days)	Town	May 14, 2004	June 15, 2004
Bid Opening (90 days)	Town/Thrasher		June 15, 2004
Loan Closing	Steptoe		September 2004
Start Construction	Thrasher / Contractor / Town	September 2004	December 2004

BPH - Bureau of Public Health  
 IJDC - Infrastructure Council  
 PSC - Public Service Commission

Steptoe - Steptoe & Johnson  
 Thrasher - Thrasher Engineering, Inc.  
 Town - Town of Masontown Water Works

## DWTRF Commitment



STATE OF WEST VIRGINIA  
DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
BUREAU FOR PUBLIC HEALTH  
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Joe Manchin III  
Governor

Martha Yeager Walker  
Secretary

June 14, 2006

The Honorable Lydia Main  
Mayor, Town of Masontown  
Post Office Box 645  
Masontown, West Virginia 26542

RE: Binding Commitment Letter  
Town of Masontown  
Project No. 2001W-611  
05DWTRFA003  
Preston County

Dear Mayor Main:

The Bureau for Public Health (Bureau) provides this binding offer for a loan of approximately \$635,500 for the Town of Masontown's (Town) proposed project to connect the existing Masontown Water Works system with the Morgantown Utility Board System. This proposed connection would eliminate the Town's existing water treatment plant, thereby bringing the system into compliance with the Safe Drinking Water Act (SDWA). The source of funds for the loan will be from the Drinking Water Treatment Revolving Fund (DWTRF). The loan will be subject to the terms set forth on Schedule "A" attached hereto and incorporated herein by reference. The final loan amount will be established after the Town has received acceptable bids for the project. The loan agreement will be between the Town and the West Virginia Water Development Authority (Authority), who is the administrator of the DWTRF, acting on behalf of the Bureau for Public Health.

This loan commitment is also contingent upon the Town of Masontown meeting the following:

- a. The Bureau performs a Capacity Development Assessment on the Town's water department and provides a recommendation to proceed with the project.
- b. The Town submits all revised documentation necessary for a formal Certificate of Convenience and Necessity to the Public Service Commission by September 1, 2006.

Please note that the Bureau's ability to provide the loan is contingent upon the Drinking Water State Revolving Fund Appropriation for Federal Fiscal Year (FFY) 2005 being awarded to the Bureau. This Binding Commitment letter will allow the Town to proceed with the project but it is not a commitment of funding.

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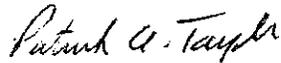
Capitol and Washington Streets  
1 Davis Square, Suite 200  
Charleston, West Virginia 25301-1798  
Telephone: 304-558-2981

The Honorable Lydia Main  
June 14, 2006  
Page Two

If the Town becomes aware that it will not or cannot comply with a) or b), it should immediately notify the Bureau of this fact and the circumstances which have caused this non-compliance.

If you have any questions regarding this commitment, please contact me at 304-558-6749.

Very truly yours,



Patrick A. Taylor, P.E., Manager  
Infrastructure & Capacity Development  
Environmental Engineering Division

PAT:bms

Enclosures

pc: Randy Watson, Thrasher Engineering, Inc.  
Daniel "Bernie" Yonkosky, WDA  
~~Vincent A. Collins, Esquire, Steptoe & Johnson~~  
Samme L. Gee, Esquire, Jackson Kelly  
Jefferson Brady, P.E., IJDC  
Walter M. Ivey, P.E.  
OEHS Philippi District Office

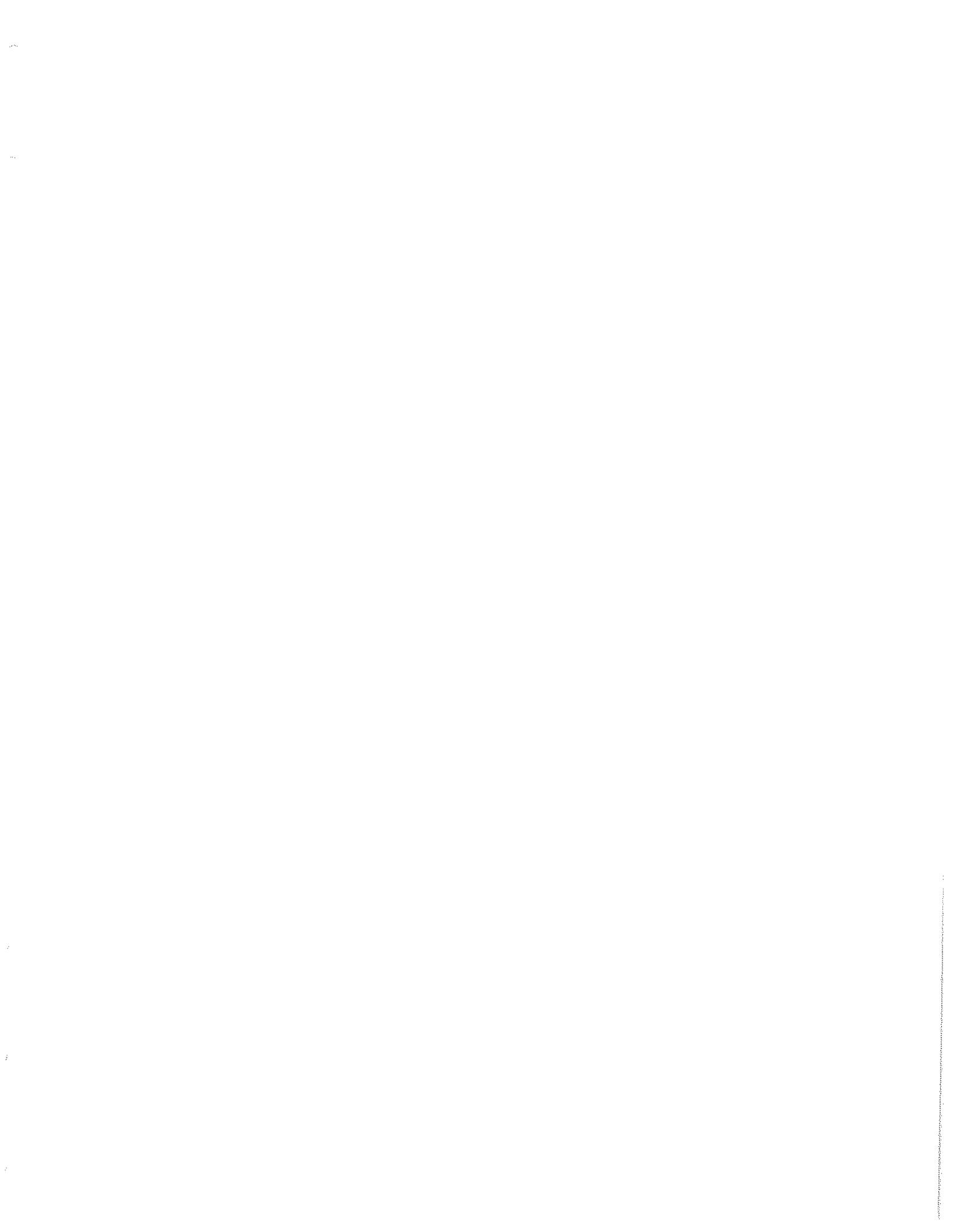
**NOTE:** This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return to the Bureau for Public Health, Capitol and Washington Streets, 1 Davis Square, Suite 200, Charleston, WV 25301-1798.

Town of Masontown

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 12<sup>th</sup> day of March, 2007, 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 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$815,500, numbered AR-1 (the "Series 2007 A Bonds") and the Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program) of the Issuer in the principal amount of \$635,500, numbered BR-1 (the "Series 2007 B Bonds") both issued as a single, fully registered Bond, and both dated March 12, 2007.

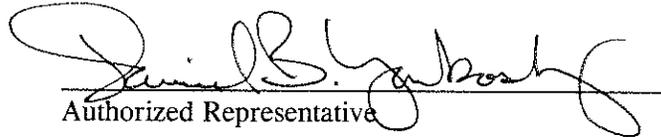
2. At the time of such receipt, the Series 2007 A Bonds and the Series 2007 B Bonds had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2007 A Bonds, of the sum of \$103,456, being a portion of the principal amount of the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A 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.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2007 B Bonds, of the sum of \$491,000, being a portion of the principal amount of the Series 2007 B Bonds. The balance of the principal amount of the Series 2007 B Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

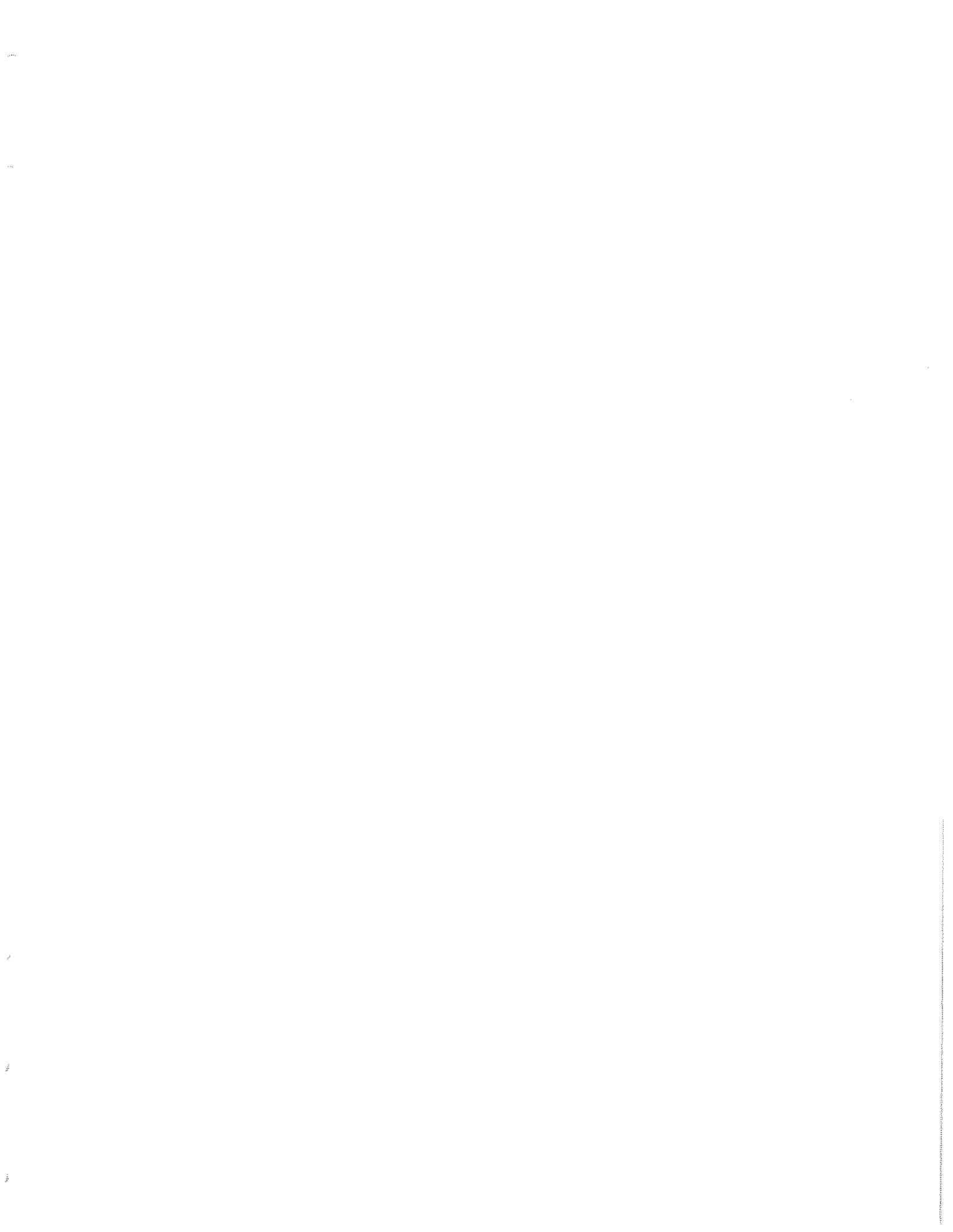
WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
Authorized Representative

TOWN OF MASONTOWN

  
Mayor

06/22/06  
561890.00002



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank  
as Bond Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

On this 12<sup>th</sup> day of March, 2007, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Masontown Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) , in the principal amount of \$815,500 (the "Series 2007 A Bonds) and Bond No. BR-1, constituting the entire original issue of the Town of Masontown Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), in the principal amount of \$ 635,500 (the "Series 2007 B Bonds), both dated March 12, 2007 (collectively the "Bonds"), executed by the Mayor and the City Clerk 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 February 28, 2007, and a Supplemental Resolution duly adopted by the Issuer on February 28, 2007 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement for the Series 2007 A Bonds, dated March 12, 2007, 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 ("Council") and a loan agreement for the Series 2007 B Bonds, dated March 12, 2007 by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (collectively, the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Series 2007 A Bonds to the Authority upon payment to the Issuer of the sum of \$103,456, representing a portion of the principal amount of the 2007 A Bonds. You are also hereby requested and authorized to deliver the Series 2007 B Bonds to the Authority upon payment to the Issuer of the sum of \$491,000, representing a portion of the principal amount of the Series 2007 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

TOWN OF MASONTOWN

  
Mayor

06/22/06  
561890.00002



SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
WATER REVENUE BONDS, SERIES 2007 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$815,500

KNOW ALL MEN BY THESE PRESENTS: That on this the 12th day of March, 2007, 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 EIGHT HUNDRED FIFTEEN THOUSAND FIVE HUNDRED DOLLARS (\$815,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond at the rate of 0.5% per annum, shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, as set forth on said EXHIBIT B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated March 12, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19, Chapter 16, Article 13 C 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 February 28, 2007, and a

# SPECIMEN

Supplemental Resolution duly adopted by the Issuer on February 28, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 25, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$225,000 (THE "SERIES 1979 BONDS") (2) THE WATER REVENUE BOND, SERIES 1988 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 14, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$650,000, (THE "SERIES 1989 BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM) DATED MARCH 12, 2007 ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$635,500 (THE "SERIES 2007 B BONDS"). THE SERIES 1979 BONDS, THE 1989 BONDS AND THE SERIES 2007 B BONDS ARE HEREINAFTER REFERRED TO AS THE "FIRST LIEN 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 Revenue in favor of the Holders of the First Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien 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

# SPECIMEN

to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

*Ryder Main*  
\_\_\_\_\_  
Mayor

ATTEST:

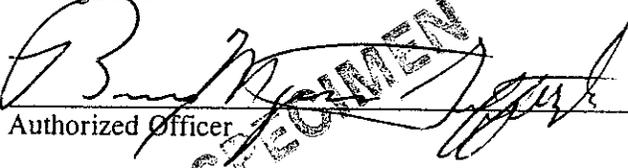
*Sandy Jones*  
\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 12, 2007.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

  
Authorized Officer

**SPECIMEN**

EXHIBIT A

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$103,456	March 12, 2007	(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 \$ \_\_\_\_\_

\$815,500

Town of Masontown (West Virginia)  
40 Years from Closing Date, 0.5% Interest Rate  
Closing Date: March 12, 2007

SPECIMEN

Debt Service Schedule

Part 1 of 5

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	4,771.00	0.500%	1,019.38	5,790.38
12/01/2008	4,777.00	0.500%	1,013.41	5,790.41
03/01/2009	4,783.00	0.500%	1,007.44	5,790.44
06/01/2009	4,789.00	0.500%	1,001.46	5,790.46
09/01/2009	4,795.00	0.500%	995.48	5,790.48
12/01/2009	4,801.00	0.500%	989.48	5,790.48
03/01/2010	4,807.00	0.500%	983.48	5,790.48
06/01/2010	4,813.00	0.500%	977.47	5,790.47
09/01/2010	4,819.00	0.500%	971.46	5,790.46
12/01/2010	4,825.00	0.500%	965.43	5,790.43
03/01/2011	4,831.00	0.500%	959.40	5,790.40
06/01/2011	4,837.00	0.500%	953.36	5,790.36
09/01/2011	4,843.00	0.500%	947.32	5,790.32
12/01/2011	4,849.00	0.500%	941.26	5,790.26
03/01/2012	4,856.00	0.500%	935.20	5,791.20
06/01/2012	4,862.00	0.500%	929.13	5,791.13
09/01/2012	4,868.00	0.500%	923.05	5,791.05
12/01/2012	4,874.00	0.500%	916.97	5,790.97
03/01/2013	4,880.00	0.500%	910.88	5,790.88
06/01/2013	4,886.00	0.500%	904.78	5,790.78
09/01/2013	4,892.00	0.500%	898.67	5,790.67
12/01/2013	4,898.00	0.500%	892.55	5,790.55
03/01/2014	4,904.00	0.500%	886.43	5,790.43
06/01/2014	4,910.00	0.500%	880.30	5,790.30
09/01/2014	4,917.00	0.500%	874.16	5,791.16
12/01/2014	4,923.00	0.500%	868.02	5,791.02
03/01/2015	4,929.00	0.500%	861.86	5,790.86
06/01/2015	4,935.00	0.500%	855.70	5,790.70
09/01/2015	4,941.00	0.500%	849.53	5,790.53
12/01/2015	4,947.00	0.500%	843.36	5,790.36
03/01/2016	4,954.00	0.500%	837.17	5,791.17
06/01/2016	4,960.00	0.500%	830.98	5,790.98
09/01/2016	4,966.00	0.500%	824.78	5,790.78
12/01/2016	4,972.00	0.500%	818.57	5,790.57
03/01/2017	4,978.00	0.500%	812.36	5,790.36
06/01/2017	4,985.00	0.500%	806.14	5,791.14
09/01/2017	4,991.00	0.500%	799.90	5,790.90
12/01/2017	4,997.00	0.500%	793.67	5,790.67
03/01/2018	5,003.00	0.500%	787.42	5,790.42

**\$815,500**

**Town of Masontown (West Virginia)  
40 Years from Closing Date, 0.5% Interest Rate  
Closing Date: March 12, 2007**

**SPECIMEN**

**Debt Service Schedule**

Part 2 of 5

Date	Principal	Coupon	Interest	Total P+I
06/01/2018	5,010.00	0.500%	781.17	5,791.17
09/01/2018	5,016.00	0.500%	774.90	5,790.90
12/01/2018	5,022.00	0.500%	768.63	5,790.63
03/01/2019	5,028.00	0.500%	762.36	5,790.36
06/01/2019	5,035.00	0.500%	756.07	5,791.07
09/01/2019	5,041.00	0.500%	749.78	5,790.78
12/01/2019	5,047.00	0.500%	743.48	5,790.48
03/01/2020	5,054.00	0.500%	737.17	5,791.17
06/01/2020	5,060.00	0.500%	730.85	5,790.85
09/01/2020	5,066.00	0.500%	724.52	5,790.52
12/01/2020	5,073.00	0.500%	718.19	5,791.19
03/01/2021	5,079.00	0.500%	711.85	5,790.85
06/01/2021	5,085.00	0.500%	705.50	5,790.50
09/01/2021	5,092.00	0.500%	699.15	5,791.15
12/01/2021	5,098.00	0.500%	692.78	5,790.78
03/01/2022	5,104.00	0.500%	686.41	5,790.41
06/01/2022	5,111.00	0.500%	680.03	5,791.03
09/01/2022	5,117.00	0.500%	673.64	5,790.64
12/01/2022	5,123.00	0.500%	667.24	5,790.24
03/01/2023	5,130.00	0.500%	660.84	5,790.84
06/01/2023	5,136.00	0.500%	654.43	5,790.43
09/01/2023	5,143.00	0.500%	648.01	5,791.01
12/01/2023	5,149.00	0.500%	641.58	5,790.58
03/01/2024	5,156.00	0.500%	635.14	5,791.14
06/01/2024	5,162.00	0.500%	628.70	5,790.70
09/01/2024	5,168.00	0.500%	622.24	5,790.24
12/01/2024	5,175.00	0.500%	615.78	5,790.78
03/01/2025	5,181.00	0.500%	609.32	5,790.32
06/01/2025	5,188.00	0.500%	602.84	5,790.84
09/01/2025	5,194.00	0.500%	596.35	5,790.35
12/01/2025	5,201.00	0.500%	589.86	5,790.86
03/01/2026	5,207.00	0.500%	583.36	5,790.36
06/01/2026	5,214.00	0.500%	576.85	5,790.85
09/01/2026	5,220.00	0.500%	570.33	5,790.33
12/01/2026	5,227.00	0.500%	563.81	5,790.81
03/01/2027	5,233.00	0.500%	557.28	5,790.28
06/01/2027	5,240.00	0.500%	550.73	5,790.73
09/01/2027	5,247.00	0.500%	544.18	5,791.18
12/01/2027	5,253.00	0.500%	537.63	5,790.63
03/01/2028	5,260.00	0.500%	531.06	5,791.06
06/01/2028	5,266.00	0.500%	524.48	5,790.48
09/01/2028	5,273.00	0.500%	517.90	5,790.90
12/01/2028	5,279.00	0.500%	511.31	5,790.31
03/01/2029	5,286.00	0.500%	504.71	5,790.71

\$815,500

Town of Masontown (West Virginia)  
40 Years from Closing Date, 0.5% Interest Rate  
Closing Date: March 12, 2007

SPECIMEN

Debt Service Schedule

Part 3 of 5

Date	Principal	Coupon	Interest	Total P+I
06/01/2029	5,293.00	0.500%	498.10	5,791.10
09/01/2029	5,299.00	0.500%	491.49	5,790.49
12/01/2029	5,306.00	0.500%	484.86	5,790.86
03/01/2030	5,312.00	0.500%	478.23	5,790.23
06/01/2030	5,319.00	0.500%	471.59	5,790.59
09/01/2030	5,326.00	0.500%	464.94	5,790.94
12/01/2030	5,332.00	0.500%	458.29	5,790.29
03/01/2031	5,339.00	0.500%	451.62	5,790.62
06/01/2031	5,346.00	0.500%	444.95	5,790.95
09/01/2031	5,352.00	0.500%	438.26	5,790.26
12/01/2031	5,359.00	0.500%	431.57	5,790.57
03/01/2032	5,366.00	0.500%	424.88	5,790.88
06/01/2032	5,373.00	0.500%	418.17	5,791.17
09/01/2032	5,379.00	0.500%	411.45	5,790.45
12/01/2032	5,386.00	0.500%	404.73	5,790.73
03/01/2033	5,393.00	0.500%	398.00	5,791.00
06/01/2033	5,399.00	0.500%	391.25	5,790.25
09/01/2033	5,406.00	0.500%	384.51	5,790.51
12/01/2033	5,413.00	0.500%	377.75	5,790.75
03/01/2034	5,420.00	0.500%	370.98	5,790.98
06/01/2034	5,426.00	0.500%	364.21	5,790.21
09/01/2034	5,433.00	0.500%	357.42	5,790.42
12/01/2034	5,440.00	0.500%	350.63	5,790.63
03/01/2035	5,447.00	0.500%	343.83	5,790.83
06/01/2035	5,454.00	0.500%	337.02	5,791.02
09/01/2035	5,461.00	0.500%	330.21	5,791.21
12/01/2035	5,467.00	0.500%	323.38	5,790.38
03/01/2036	5,474.00	0.500%	316.55	5,790.55
06/01/2036	5,481.00	0.500%	309.70	5,790.70
09/01/2036	5,488.00	0.500%	302.85	5,790.85
12/01/2036	5,495.00	0.500%	295.99	5,790.99
03/01/2037	5,502.00	0.500%	289.12	5,791.12
06/01/2037	5,508.00	0.500%	282.25	5,790.25
09/01/2037	5,515.00	0.500%	275.36	5,790.36
12/01/2037	5,522.00	0.500%	268.47	5,790.47
03/01/2038	5,529.00	0.500%	261.57	5,790.57
06/01/2038	5,536.00	0.500%	254.65	5,790.65
09/01/2038	5,543.00	0.500%	247.73	5,790.73
12/01/2038	5,550.00	0.500%	240.81	5,790.81
03/01/2039	5,557.00	0.500%	233.87	5,790.87
06/01/2039	5,564.00	0.500%	226.92	5,790.92
09/01/2039	5,571.00	0.500%	219.97	5,790.97
12/01/2039	5,578.00	0.500%	213.00	5,791.00
03/01/2040	5,585.00	0.500%	206.03	5,791.03

**\$815,500**

**Town of Masontown (West Virginia)  
40 Years from Closing Date, 0.5% Interest Rate  
Closing Date: March 12, 2007**

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**Debt Service Schedule**

**Part 4 of 5**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
06/01/2040	5,592.00	0.500%	199.05	5,791.05
09/01/2040	5,599.00	0.500%	192.06	5,791.06
12/01/2040	5,606.00	0.500%	185.06	5,791.06
03/01/2041	5,613.00	0.500%	178.05	5,791.05
06/01/2041	5,620.00	0.500%	171.04	5,791.04
09/01/2041	5,627.00	0.500%	164.01	5,791.01
12/01/2041	5,634.00	0.500%	156.98	5,790.98
03/01/2042	5,641.00	0.500%	149.94	5,790.94
06/01/2042	5,648.00	0.500%	142.88	5,790.88
09/01/2042	5,655.00	0.500%	135.82	5,790.82
12/01/2042	5,662.00	0.500%	128.76	5,790.76
03/01/2043	5,669.00	0.500%	121.68	5,790.68
06/01/2043	5,676.00	0.500%	114.59	5,790.59
09/01/2043	5,683.00	0.500%	107.50	5,790.50
12/01/2043	5,690.00	0.500%	100.39	5,790.39
03/01/2044	5,697.00	0.500%	93.28	5,790.28
06/01/2044	5,705.00	0.500%	86.16	5,791.16
09/01/2044	5,712.00	0.500%	79.03	5,791.03
12/01/2044	5,719.00	0.500%	71.89	5,790.89
03/01/2045	5,726.00	0.500%	64.74	5,790.74
06/01/2045	5,733.00	0.500%	57.58	5,790.58
09/01/2045	5,740.00	0.500%	50.42	5,790.42
12/01/2045	5,747.00	0.500%	43.24	5,790.24
03/01/2046	5,755.00	0.500%	36.06	5,791.06
06/01/2046	5,762.00	0.500%	28.86	5,790.86
09/01/2046	5,769.00	0.500%	21.66	5,790.66
12/01/2046	5,776.00	0.500%	14.45	5,790.45
03/01/2047	5,783.00	0.500%	7.23	5,790.23
06/01/2047	-	0.500%	-	-
<b>Total</b>	<b>\$815,500.00</b>	<b>-</b>	<b>\$82,059.42</b>	<b>\$897,559.42</b>

\$815,500

Town of Masontown (West Virginia)  
40 Years from Closing Date, 0.5% Interest Rate  
Closing Date: March 12, 2007

SPECIMEN

## Debt Service Schedule

Part 5 of 5

### Yield Statistics

Accrued Interest from 03/12/2007 to 03/12/2007	(4,972.28)
Bond Year Dollars	\$17,406.33
Average Life	21.344 Years
Average Coupon	0.4714345%
Net Interest Cost (NIC)	0.4714345%
True Interest Cost (TIC)	0.5004250%
Bond Yield for Arbitrage Purposes	0.5004250%
All Inclusive Cost (AIC)	0.5004250%

### IRS Form 8038

Net Interest Cost	0.5000004%
Weighted Average Maturity	21.344 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:

\_\_\_\_\_

\_\_\_\_\_



SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
WATER REVENUE BONDS, SERIES 2007 B  
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1

\$635,500

KNOW ALL MEN BY THESE PRESENTS: That on this the 12th day of March, 2007, 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 SIX HUNDRED THIRTY FIVE THOUSAND FIVE HUNDRED DOLLARS (\$635,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, as set forth on EXHIBIT B attached hereto.

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 Bureau for Public Health (the "BPH), 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 BPH, dated March 12, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks system of the Issuer, the Project, and any further additions, betterments

SPECIMEN

or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19, Chapter 16, Article 13C 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 February 28, 2007, and a Supplemental Resolution duly adopted by the Issuer on February 28, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 25, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$225,000 (THE "SERIES 1979 BONDS") (2) THE WATER REVENUE BOND, SERIES 1988 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 14, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$650,000, (THE "SERIES 1989 BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) DATED MARCH 12, 2007 ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$815,500 (THE "SERIES 2007 A BONDS"). THE SERIES 1979 BONDS, THE 1989 BONDS AND THE SERIES 2007 A BONDS ARE HEREINAFTER REFERRED TO AS THE "FIRST LIEN 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 Revenue in favor of the Holders of the First Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 monies in the Series 2007 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

SPECIMEN

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 First Lien Bonds; provided however, that so long as there exists in the Series 2007 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 succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

EXHIBIT

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.

[Remainder of Page Intentionally Blank]

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 as of the day and year first written above.

[SEAL]

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: March 12, 2007.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

  
Authorized Officer

**SPECIMEN**

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$491,000	March 12, 2007	(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 \$ \_\_\_\_\_

\$635,500

Town of Masontown

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: March 12, 2007

EXHIBIT  
SPECIMEN

## Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	5,296.00	-	5,296.00
12/01/2008	5,296.00	-	5,296.00
03/01/2009	5,296.00	-	5,296.00
06/01/2009	5,296.00	-	5,296.00
09/01/2009	5,296.00	-	5,296.00
12/01/2009	5,296.00	-	5,296.00
03/01/2010	5,296.00	-	5,296.00
06/01/2010	5,296.00	-	5,296.00
09/01/2010	5,296.00	-	5,296.00
12/01/2010	5,296.00	-	5,296.00
03/01/2011	5,296.00	-	5,296.00
06/01/2011	5,296.00	-	5,296.00
09/01/2011	5,296.00	-	5,296.00
12/01/2011	5,296.00	-	5,296.00
03/01/2012	5,296.00	-	5,296.00
06/01/2012	5,296.00	-	5,296.00
09/01/2012	5,296.00	-	5,296.00
12/01/2012	5,296.00	-	5,296.00
03/01/2013	5,296.00	-	5,296.00
06/01/2013	5,296.00	-	5,296.00
09/01/2013	5,296.00	-	5,296.00
12/01/2013	5,296.00	-	5,296.00
03/01/2014	5,296.00	-	5,296.00
06/01/2014	5,296.00	-	5,296.00
09/01/2014	5,296.00	-	5,296.00
12/01/2014	5,296.00	-	5,296.00
03/01/2015	5,296.00	-	5,296.00
06/01/2015	5,296.00	-	5,296.00
09/01/2015	5,296.00	-	5,296.00
12/01/2015	5,296.00	-	5,296.00
03/01/2016	5,296.00	-	5,296.00
06/01/2016	5,296.00	-	5,296.00
09/01/2016	5,296.00	-	5,296.00
12/01/2016	5,296.00	-	5,296.00
03/01/2017	5,296.00	-	5,296.00
06/01/2017	5,296.00	-	5,296.00
09/01/2017	5,296.00	-	5,296.00
12/01/2017	5,296.00	-	5,296.00
03/01/2018	5,296.00	-	5,296.00

\$635,500

Town of Masontown

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: March 12, 2007

**SPECIMEN**

## Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2018	5,296.00	-	5,296.00
09/01/2018	5,296.00	-	5,296.00
12/01/2018	5,296.00	-	5,296.00
03/01/2019	5,296.00	-	5,296.00
06/01/2019	5,296.00	-	5,296.00
09/01/2019	5,296.00	-	5,296.00
12/01/2019	5,296.00	-	5,296.00
03/01/2020	5,296.00	-	5,296.00
06/01/2020	5,296.00	-	5,296.00
09/01/2020	5,296.00	-	5,296.00
12/01/2020	5,296.00	-	5,296.00
03/01/2021	5,296.00	-	5,296.00
06/01/2021	5,296.00	-	5,296.00
09/01/2021	5,296.00	-	5,296.00
12/01/2021	5,296.00	-	5,296.00
03/01/2022	5,296.00	-	5,296.00
06/01/2022	5,296.00	-	5,296.00
09/01/2022	5,296.00	-	5,296.00
12/01/2022	5,296.00	-	5,296.00
03/01/2023	5,296.00	-	5,296.00
06/01/2023	5,296.00	-	5,296.00
09/01/2023	5,296.00	-	5,296.00
12/01/2023	5,296.00	-	5,296.00
03/01/2024	5,296.00	-	5,296.00
06/01/2024	5,296.00	-	5,296.00
09/01/2024	5,296.00	-	5,296.00
12/01/2024	5,296.00	-	5,296.00
03/01/2025	5,296.00	-	5,296.00
06/01/2025	5,296.00	-	5,296.00
09/01/2025	5,296.00	-	5,296.00
12/01/2025	5,296.00	-	5,296.00
03/01/2026	5,296.00	-	5,296.00
06/01/2026	5,296.00	-	5,296.00
09/01/2026	5,296.00	-	5,296.00
12/01/2026	5,296.00	-	5,296.00
03/01/2027	5,296.00	-	5,296.00
06/01/2027	5,296.00	-	5,296.00
09/01/2027	5,296.00	-	5,296.00
12/01/2027	5,296.00	-	5,296.00
03/01/2028	5,296.00	-	5,296.00
06/01/2028	5,296.00	-	5,296.00
09/01/2028	5,296.00	-	5,296.00
12/01/2028	5,296.00	-	5,296.00
03/01/2029	5,296.00	-	5,296.00

**\$635,500**

**Town of Masontown**

**30 Years, 0% Interest Rate, 1% Administrative Fee**

**Closing Date: March 12, 2007**

**SPECIMEN**

## Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2029	5,296.00	-	5,296.00
09/01/2029	5,296.00	-	5,296.00
12/01/2029	5,296.00	-	5,296.00
03/01/2030	5,296.00	-	5,296.00
06/01/2030	5,296.00	-	5,296.00
09/01/2030	5,296.00	-	5,296.00
12/01/2030	5,296.00	-	5,296.00
03/01/2031	5,296.00	-	5,296.00
06/01/2031	5,296.00	-	5,296.00
09/01/2031	5,296.00	-	5,296.00
12/01/2031	5,296.00	-	5,296.00
03/01/2032	5,296.00	-	5,296.00
06/01/2032	5,296.00	-	5,296.00
09/01/2032	5,296.00	-	5,296.00
12/01/2032	5,296.00	-	5,296.00
03/01/2033	5,296.00	-	5,296.00
06/01/2033	5,296.00	-	5,296.00
09/01/2033	5,295.00	-	5,295.00
12/01/2033	5,295.00	-	5,295.00
03/01/2034	5,295.00	-	5,295.00
06/01/2034	5,295.00	-	5,295.00
09/01/2034	5,295.00	-	5,295.00
12/01/2034	5,295.00	-	5,295.00
03/01/2035	5,295.00	-	5,295.00
06/01/2035	5,295.00	-	5,295.00
09/01/2035	5,295.00	-	5,295.00
12/01/2035	5,295.00	-	5,295.00
03/01/2036	5,295.00	-	5,295.00
06/01/2036	5,295.00	-	5,295.00
09/01/2036	5,295.00	-	5,295.00
12/01/2036	5,295.00	-	5,295.00
03/01/2037	5,295.00	-	5,295.00
06/01/2037	5,295.00	-	5,295.00
09/01/2037	5,295.00	-	5,295.00
12/01/2037	5,295.00	-	5,295.00
03/01/2038	5,295.00	-	5,295.00
06/01/2038	5,295.00	-	5,295.00
<b>Total</b>	<b>\$635,500.00</b>	<b>-</b>	<b>\$635,500.00 *</b>

**\*Plus \$800.98 one-percent administrative fee paid quarterly. Total fee over life of loan is \$96,117.60.**

\$635,500  
Town of Masontown (West Virginia)  
30 Years, 0% Interest Rate, 1% Administrative Fee  
Closing Date: March 12, 2007

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**Debt Service Schedule**

Part 4 of 4

**Yield Statistics**

Bond Year Dollars	\$10,386.64
Average Life	16.344 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	3.19E-12
Bond Yield for Arbitrage Purposes	3.19E-12
All Inclusive Cost (AIC)	0.9195671%

**IRS Form 8038**

Net Interest Cost	-
Weighted Average Maturity	16.344 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:

\_\_\_\_\_  
SPECIMEN





Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Chase Tower, Eighth Floor  
P.O. Box 1588  
Charleston, WV 25326-1588  
(304) 353-8000 (304) 353-8180 Fax  
www.stepto-johnson.com

Writer's Contact Information

March 12, 2007

Town of Masontown  
Water Revenue Bonds, Series 2007 A  
(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 to the Town of Masontown (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$815,500 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated March 12, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), 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 (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$815,500, in the form of one bond, registered as to principal and interest to the Authority, with interest at the rate of .5% per annum, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning September 1, 2008, and maturing March 1, 2047, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project") and (ii) paying certain issuance and others costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on February 28, 2007, as supplemented by the supplemental resolution duly adopted by the Issuer on February 28, 2007 (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 undertaken. 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 defined herein shall have the same meanings set forth in the Bond Legislation.

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 Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and 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 consent of the Authority and the Council.

3. The Issuer is a duly organized and presently 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 adopt or enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer 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.

5. 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 and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Prior Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.

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

7. Based upon the certifications of the Issuer set forth in the Certificate as to Arbitrage and under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently

Town of Masontown, et al.  
March 12, 2007  
Page 3

written and applied, the proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code. The opinion set forth above is subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code relating to the applicable exceptions to rebate. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements could cause proceeds of the Bonds to be subject to such arbitrage rebate requirements retroactive to the date of issuance of the Bonds.

8. 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.

No opinion is given herein as to the effect upon enforceability of the 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 Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

  
STEPHENS & JOHNSON PLLC

561890.00002



March 12, 2007

Town of Masontown  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

Town of Masontown  
Masontown, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Bureau for Public Health  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Masontown (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$635,500 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated March 12, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$635,500, in the form of one bond, registered as to principal and interest to the Authority, with interest at the rate of 0% per annum, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning September 1, 2008, and maturing June 1, 2038, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the DWTRF Administrative Fee equal to 1.0% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project") and (ii) paying certain issuance and others costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on February 28, 2007, as supplemented by the supplemental resolution duly adopted by the Issuer on February 28, 2007 (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 undertaken. 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 defined herein shall have the same meanings set forth in the Bond Legislation.

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

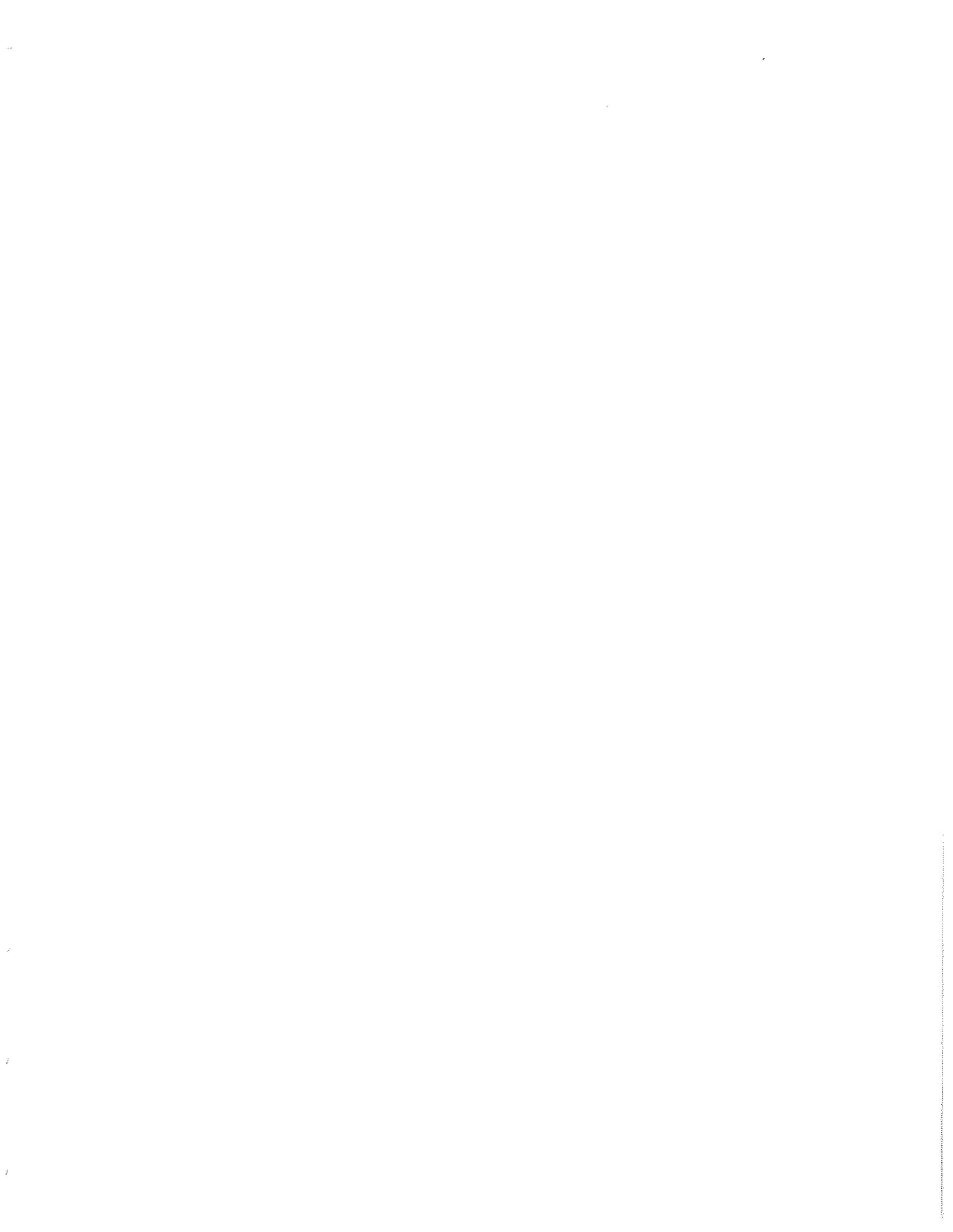
1. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the consent of the Authority and the BPH.
3. The Issuer is a duly organized and presently 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 adopt or enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer 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.
6. 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 and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Prior Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.
7. 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.
8. The Bonds have not been issued on the basis that the interest 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.

No opinion is given herein as to the effect upon enforceability of the 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 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,

  
STEPHENS & 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

March 12, 2007

Town of Masontown  
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

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Town of Masontown  
Masontown, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

West Virginia Bureau for Public Health  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Masontown in Preston County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as counsel, a loan agreement for the Series 2007 A Bonds dated March 12, 2007, 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"), a loan agreement for the Series 2007 B Bonds dated March 12, 2007, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on February 28, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 28, 2007 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

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, and the Mayor, Recorder and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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

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

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

5. The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Commission Orders entered on April 11, 2005, and November 29, 2006, in Case No. 04-1642-W-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 Orders entered April 11, 2005, and November 29, 2006, have expired prior to the date hereof. Both Orders are in full force and effect.

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 and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

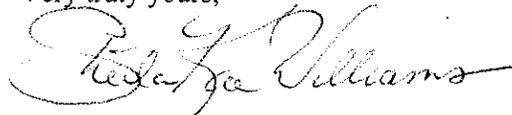
7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds, 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. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in

compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

A handwritten signature in cursive script, reading "Sheila Kae Williams". The signature is written in black ink and is positioned above the printed name.

SHEILA KAE WILLIAMS



*Sheila Kae Williams*

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314  
202 TUNNELTON STREET

*Kingwood, West Virginia 26537*

(304) 329-1173

(304) 329-1203 FAX

March 12, 2007

Town of Masontown  
Water Department  
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 25326-1588

West Virginia Bureau for Public Health  
One Davis Square, Suite 200  
Charleston, WV 25322

Re: Final Title Opinion for the Town of Masontown

Ladies and Gentlemen:

This law firm is counsel to the Town of Masontown (the "Issuer") in connection with a proposed project to construct certain additions and improvements to its water system, including a waterline extension and water booster station and the purchasing of water from the Morgantown Utility Board (MUB) (the "Project"). I am providing this final title opinion on behalf of the Issuer to satisfy the requirements for the Project of the West Virginia Infrastructure and Jobs Development Council (the "Council") and Safe Drinking Water Treatment Revolving Fund (BPH). Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipality possessed with all 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 West Virginia Bureau for Public Health (BPH).
2. In accordance with information provided to the undersigned by the project engineer, the Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, 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 majority of the Project is to be located, and, in my opinion, 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, as set forth in the plans for the Project, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project. There was only one deed that was required to be obtained in Preston County.

5. I have examined the records on file in the Office of the Clerk of the County Commission of Monongalia County, West Virginia, the county in which a portion of the Project is to be located, and, in my opinion, 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 6 of this letter, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project. There were four rights of way that were required to be obtained in Monongalia County and one lease from MUB.

6. The following lease and agreement have been acquired for the project:

- a) Lease from MUB for 40 years for 750 square feet of real estate for the placement of a water pump station.
- b) An Agreement with MUB for the purchase of water for resale by the Issuer.

7. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Offices of the Clerks of the County Commissions of Preston and Monongalia Counties to protect the legal title to and interest of the Issuer.

Very truly yours,



Sheila Kae Williams

Legal Counsel for the Town of Masontown



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS; OTHER FUNDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. SAFE DRINKING WATER ACT
20. 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 on this the 12<sup>th</sup> day of March, 2007, in connection with the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2007 A Bonds" and the "Series 2007 B 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 February 28, 2007, and the Supplemental Resolution duly adopted February 28, 2007 (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 any grants, 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.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds as to liens, pledge, source of and security for payment, being the Water Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 25, 1980, issued in the original aggregate principal amount of \$225,000 and the Water Revenue Bond, Series 1988 (United States Department of Agriculture), dated February 14, 1989, issued in the original aggregate principal amount of \$650,000, (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Net Revenues of the System.

The Series 2007 A Bonds and the Series 2007 B Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and

(ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with covenants of the Prior Bonds and the Prior Ordinance.

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

Infrastructure Council Loan Agreement

DWTRF Loan Agreement

Public Service Commission Order(s)

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance

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

Minutes on Adoption and Enactment of Water 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

Bureau of Public Health Permit

Evidence of Insurance

Prior Bonds Ordinance(s)

RUS Consent to Issuance of Parity Bonds

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

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Lydia Main	- Mayor	July 1, 2003	June 30, 2007
Wade Loudermilk	- Councilmember	July 1, 2003	June 30, 2007
Roxie Turner	- Councilmember	July 1, 2003	June 30, 2007
Joe Blaney, Jr.	- Councilmember	July 1, 2003	June 30, 2007
Dave Ault	- Councilmember	July 1, 2003	June 30, 2007
Mick Thrasher	- Councilmember	July 1, 2003	June 30, 2007

The duly appointed and acting Counsel to the Issuer is Sheila Williams, in 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 Agreement 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 water rate ordinance on September 13, 2006, setting rates and charges for the services of the System. The time for appeal of such water rate ordinance 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 for each series of the Bonds, 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; OTHER FUNDS: On the date hereof, the Issuer received the sum of \$103,456 from the Authority and the Council, being a portion of the principal amount of the Series 2007 A Bonds and \$491,000 from the Authority and the BPH, being a portion of the principal amount of the 2007 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The 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 28th day of February, 2007, at 6:00 p.m., at the Town Hall, Masontown, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on March 22, 2005 and November 29, 2006, in Case No.04-1642-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Orders has expired prior to the date hereof. Both Orders are in full force and effect.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bond.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Sanitary 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. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

19. SAFE DRINKING WATER ACT: The Project as described in the Bond Legislation complies with the Safe Drinking Water Act.

20. 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 the day and year first above written.

[CORPORATE SEAL]

SIGNATURE

*Stephanie Mann*  
\_\_\_\_\_  
  
\_\_\_\_\_

OFFICIAL TITLE

Mayor

Recorder

Counsel to the Issuer

06/22/06  
561890.00002

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_  
*Ardy Ernie*  
\_\_\_\_\_  
\_\_\_\_\_

Mayor

Recorder

Counsel to the Issuer

06/22/06  
561890.00002

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_

Mayor

\_\_\_\_\_

Recorder

Handwritten signature of Douglas Williams in cursive script, written over a horizontal line.

Counsel to the Issuer

06/22/06  
561890.00002



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

CERTIFICATE OF ENGINEER

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

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public waterworks system (the "System") of the Town of Masontown (the "Issuer") to be constructed primarily in Preston County, West Virginia, which acquisition and construction are being permanently financed, in part, by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on February 28, 2007, as supplemented, and the loan agreement, and for the Series 2007 A Bonds dated February 28, 2007, by and between the Issuer and the West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council ("Council"), and the loan agreement for the Series 2007 B Bonds dated March 12, 2007 by and between Issuer and the Authority on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, 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; and (ii) paying certain costs of issuance of the Bonds and related costs.

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 the Council and any change orders approved by the Issuer, the BPH, 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 forty (40) 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 Williams, Esquire, 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 Council and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all applicable 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 Issuer's certified public accountant, Roth & White, A.C., as of the effective date thereof, the rates and charges for the System enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the 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 12<sup>th</sup> day of March, 2007.

THRASHER ENGINEERING, INC.

(SEAL)



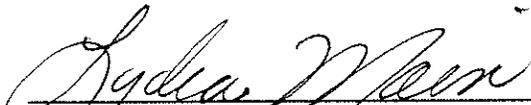
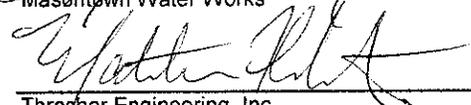
H. Wood Thrasher, P.E.

West Virginia License No. 9478

02.15.07  
561890.00002

**WEST VIRGINIA INFRASTRUCTURE  
SCHEDULE B  
MASONTOWN WATER WORKS  
SNAKE HILL WATER LINE EXTENSION  
WVIJDC & DWTRF**

A. COST OF PROJECT	TOTAL	IJDC	DWTRF
1 Construction			
Contract 1	664,421.13	519,921.13	144,500.00
2 Technical Services - Thrasher			
a. Preliminary Engineering	20,000.00	20,000.00	
b. Design	46,720.00	46,720.00	
c. Engineering During Construction	11,680.00	11,680.00	
d. Inspection	40,000.00	40,000.00	
e. Special Services	15,000.00	15,000.00	
3 Legal & Fiscal			
a. Legal (S. Williams)	10,000.00	10,000.00	
b. Accounting (Roth)	5,000.00	5,000.00	
4 Administrative	25,000.00	25,000.00	
5 Sites & Other Lands			
a. Land acquisition / ROW	7,500.00	7,500.00	
6 Contingency	49,578.87	49,578.87	
7 Miscellaneous			
a. WVDOH Inspection Fees	5,500.00	5,500.00	
b. Project Contingency (DOH Bond / Permits / Etc.)	9,100.00	9,100.00	
c. Aid to Construction to MUB	488,000.00		488,000.00
d. Electrical Service Upgrade to 3 Phase	35,000.00	35,000.00	
8 TOTAL of Lines 1 through 7	1,432,500.00	800,000.00	632,500.00
<b>B. COST OF FINANCING</b>			
9 Funded Reserve			
10 Other Costs			
a. Registrar fees	1,000.00	500.00	500.00
b. Bond Counsel (S&J)	17,500.00	15,000.00	2,500.00
c. Project Contingency			
11 Cost of Financing	18,500.00	15,500.00	3,000.00
12 TOTAL PROJECT COST line 8 plus line 11	1,451,000.00	815,500.00	635,500.00
<b>C. SOURCES OF OTHER FUNDS</b>			
13 Federal Grants			
14 State Grants			
15 Other Grants			
16 Any Other Source			
17 TOTAL GRANTS Lines 13 through 16	0.00	0.00	0.00
18 Size of Bond Issue (line 12 minus Line 17)	1,451,000.00	815,500.00	635,500.00

  
 \_\_\_\_\_  
 Masontown Water Works  
  
 \_\_\_\_\_  
 Thrasher Engineering, Inc.

3/12/07  
Date

3/8/07  
Date



**ROTH & WHITE, A.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
202 Tunnelton Street  
Kingwood, WV 26537  
(304) 329-1020

March 12, 2007

Town of Masontown  
Water Revenue Bonds, Series 2007A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

Town of Masontown  
Masontown, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

West Virginia Bureau for Public Health  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the water rate ordinance of the Town of Masontown (the "Issuer"), enacted September 13, 2006, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system of the Issuer (the "System"), (i) 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 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") and the Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program) (the "Series 2007 B Bonds") to be issued to the Water Development Authority on behalf of the West Virginia Infrastructure and Jobs Development Council and the West Virginia Bureau for Public Health respectively (collectively, the "Bonds"), and all other obligations secured by or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's Water Revenue Bond, Series 1979 (United States Department of Agriculture) and Water Revenue Bond, Series 1988 (United States Department of Agriculture), (collectively, the "Prior Bonds") and (ii) will provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Prior Bonds, and sufficient to make the payments required into the Reserve Funds and the depreciation reserves and all necessary expenses of operating and maintaining the System during such Fiscal year.

It is further our opinion that (i) the Net Revenue for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Bonds and the Prior Bonds and that (ii) the Net Revenues actually derived from the System during the 12 consecutive months, within the 18 months immediately preceding

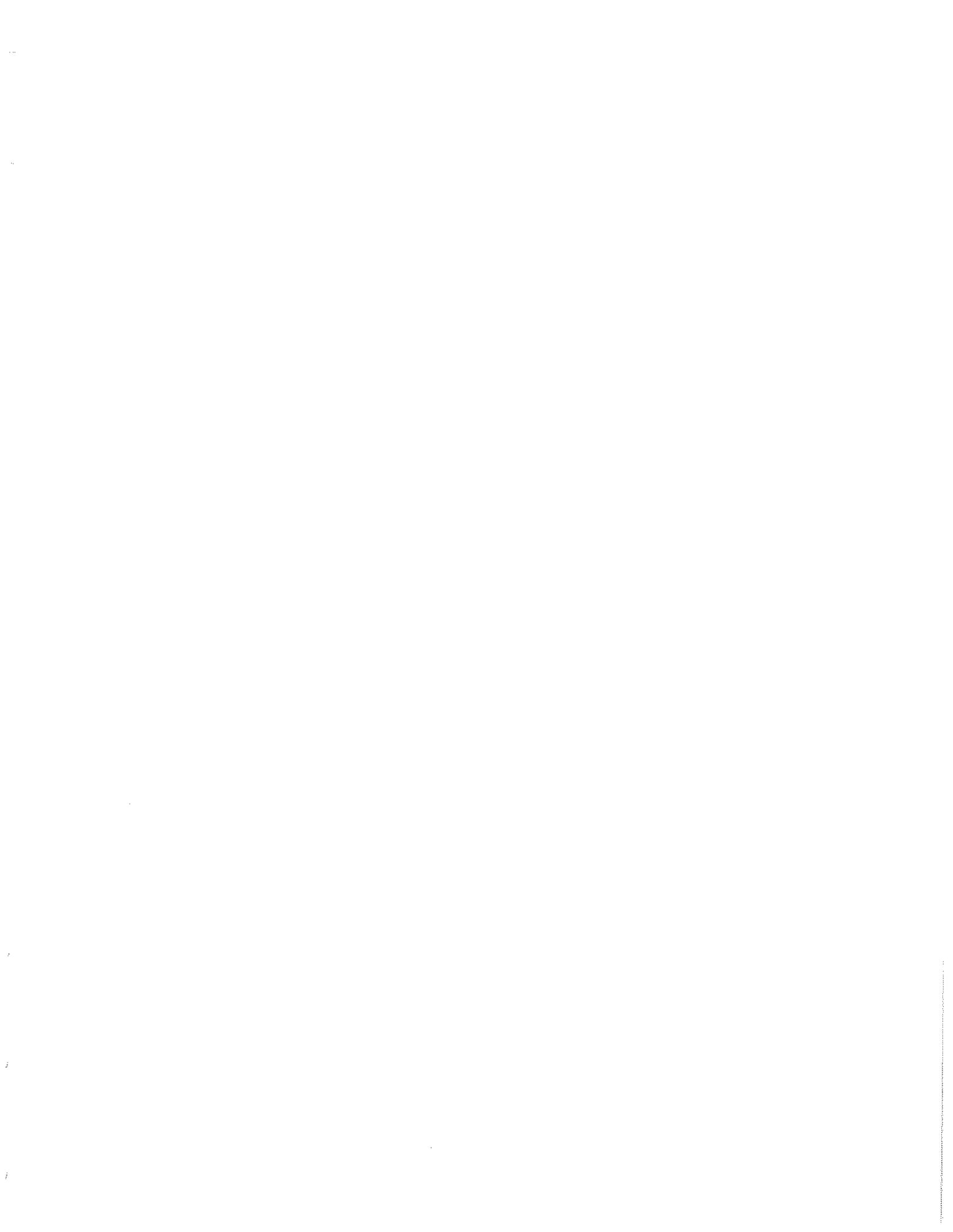
West Virginia Water Development Authority, et al.  
Page 2

the date of the actual issuance of the Bonds, plus the estimated average increase annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal and interest on the Bonds and the Prior Bonds.

Very truly yours

A handwritten signature in cursive script that reads "Roth & White". The signature is written in dark ink and is positioned above the printed name of the firm.

ROTH & WHITE, A.C.





TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO ARBITRAGE

The undersigned Mayor of the Town of Masontown in Preston County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$815,500 aggregate principal amount of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds" or the "Bonds"), of the Issuer, dated the date hereof, hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance authorizing the Bonds duly enacted by the Issuer on February 28, 2007, and the Supplemental Resolution duly adopted February 28, 2007 (collectively, the "Bond Ordinance").

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 12, 2007, the date on which the Bonds are to be physically delivered in exchange for an initial advance of \$103,456, being more than a de minimus portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Series 2007 A Bonds were sold on March 12, 2007, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated March 12, 2007, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for an aggregate purchase price of \$815,500 (100% of par), at which time the Issuer received \$103,456 from the Authority and the Council, being the first advance of the principal amount of the Series 2007

A Bonds. No accrued interest has been or will be paid on the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project") and (ii) paying costs of issuance and related costs thereof.

8. Not later than simultaneously with 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 thereof on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Series 2007 A Bonds 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 June 1, 2008. The acquisition and construction of the Project is expected to be completed by December 1, 2007.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$1,451,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of Series 2007 A Bonds	\$ 815,500
Proceeds of Series 2007 B Bonds	<u>\$ 635,500</u>
Total Sources	<u>\$ 1,451,000</u>

USES

Costs of Acquisition and Construction of the Project	\$1,432,500
Cost of Issuance	<u>\$ 18,500</u>
Total Uses	<u>\$1,451,000</u>

The total amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Series 2007 A Bonds and the grant stated above. Except for the proceeds of the Bonds and the grant stated above, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created (or continued if previously established by the Prior Ordinances):

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2007 A Bonds Construction Trust Fund;
- (4) Series 2007 A Bonds Sinking Fund;
- (5) Series 2007 A Bonds Reserve Account.
- (6) Series 2007 B Bonds Construction Trust Fund;
- (7) Series 2007 B Bonds Sinking Fund; and
- (8) Series 2007 B Bonds Reserve Account.

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

(1) Series 2007 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2007 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2007 A Bonds during acquisition and construction of the Project and for not more than six months thereafter.

(2) Series 2007 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2007 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2007 A Bonds will be deposited in the Series 2007 A 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 2007 A Bonds and related costs.

Amounts in the Series 2007 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such monies are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treasury Regulation §1.150 - 2(f)(2), none of the proceeds of the Series 2007 A Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Monies held in the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2007 A Bonds Sinking Fund and Series 2007 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2007 A 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.

13. Except for the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not

acquired to implement a court ordered or approved housing desegregation plan producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. Less than 10% of the monies received from the sale of the Bonds, if any, will be deposited in the Series 2007 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2007 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Bonds and will not exceed 125% of average annual principal of and interest on the Bonds. Amounts in the Series 2007 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2007 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

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

14. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 5% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 14 months of the date hereof.

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

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

18. With the exception of the amount deposited in the Series 2007 A Bonds Sinking Fund for payment of interest on the Bonds and the amount deposited in the Series 2007 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

19. The 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.

20. The Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2007 A Bonds each year. The Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2007 A Bonds, or 1 year's interest earnings on the Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2007 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2007 A Bonds Reserve Account therein), will be spent within a 12-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2007 A Bonds Sinking Fund (other than in the Series 2007 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

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

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

25. 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.

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

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

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

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

30. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 2007, the calendar year in which the Bonds are issued, is not reasonably expected to exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code, to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer. No portion of the Bonds is issued to refund other obligations.

The Issuer believes that the Authority exclusively lends bond proceeds in a manner that does not result in its bonds being private activity bonds, as defined in the Code, and the Issuer believes that the use of the proceeds by each borrower from the Authority would not result in those proceeds being private activity bonds (if viewed as a separate issue).

31. The Issuer has either (a) funded the Series 2007 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year with the proceeds of the Series 2007 A Bonds, or (b) created the Series 2007 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year. Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 A Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Series 2007 A Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the

small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

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

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

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

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

37. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center.

38. All proceeds of the Series 2007 A Bonds to be used for payment of costs of the Project will be expended for such purposes within 3 years.

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

40. 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.

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

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

[Remainder of Page Intentionally Left Blank]

WITNESS my signature on this 12<sup>th</sup> day of March, 2007.

TOWN OF MASONTOWN

By: *Rydia Mann*  
Its: Mayor



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Masontown in Preston County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$635,500 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), of the Issuer, dated March 12, 2007 (the "Bonds" or the "Series 2007 B Bonds"), hereby certifies on the 12th day of March, 2007, as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on February 28, 2007, as supplemented (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 March 12, 2007, the date on which the Bonds are being physically delivered in exchange for an initial advance of principal of the 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"), the West Virginia Infrastructure and Jobs Development Council (the "Council") or the West Virginia Bureau for Public Health (the "BPH"), 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. RESERVED

6. The Series 2007 B Bonds were sold on March 12, 2007, to the Authority, pursuant to a loan agreement dated March 12, 2007, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of \$635,500 (100% of par), at which time, the Issuer received \$491,000 from the Authority and the BPH, being the first advance of the principal amount of the Series 2007 B bonds, No accrued interest has been or will be paid on the Series 2007 B Bonds. The balance of the principal amount of the Series 2007 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. 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 Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the respective Reserve Accounts, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June 1, 2008. The acquisition and construction of the Project is expected to be completed by March 1, 2008.

9. The total cost of the Project is estimated at \$1,451,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2007 A Bonds	\$815,500
Proceeds of the Series 2007 B Bonds	\$635,500
Total Sources	<u>\$1,451,000</u>

USES

Costs of Acquisition and Construction of the Project	\$1,432,500
Costs of Issuance	<u>18,500</u>

Total Uses	<u>\$1,451,000</u>
------------	--------------------

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2007 A Bonds Construction Trust Fund;
- (4) Series 2007 A Bonds Sinking Fund;
- (5) Series 2007 A Bonds Reserve Account;
- (6) Series 2007 B Bonds Construction Trust Fund;
- (7) Series 2007 B Bonds Sinking Fund; and
- (8) Series 2007 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Series 2007 B Bonds will be deposited as follows:

(1) Proceeds of the Series 2007 B Bonds in the amount of \$ -0- will be deposited with the Commission in the Series 2007 B Bonds Reserve Account.

(2) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 B Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2007 B Bonds.

12. RESERVED

13. Monies held in the Series 2007 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2007 B Bonds Sinking Fund and Series 2007 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2007 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.

14. 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 9 months of the date hereof.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. RESERVED

17. With the exception of the amount deposited in the Series 2007 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

18. 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.

19. 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.

20. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

21. 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.

22. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principals, relative to the proceeds of Bonds so that the use of proceeds from each series of the Bonds can be accounted for.

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

24. 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.

25. The Bonds are not federally guaranteed.

26. 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 public purpose or governmental bonds.

27. The Issuer has either (a) funded the Series 2007 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 2007 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2007 B Bonds in the then current or any succeeding year. Monies in the Series 2007 B Bonds Reserve Account and the Series 2007 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.

28. Other than the Series 2007 A Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2007 B Bonds, (b) are to be sold pursuant to a common plan of financing together with the Series 2007 B 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 Series 2007 B Bonds.

29. 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.

30. 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.

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

[Remainder of Page Intentionally Left Blank]

WITNESS my signature on this the day and year first above written.

TOWN OF MASONTOWN

By:   
Its: Mayor

06.09.06  
561890.00002



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.

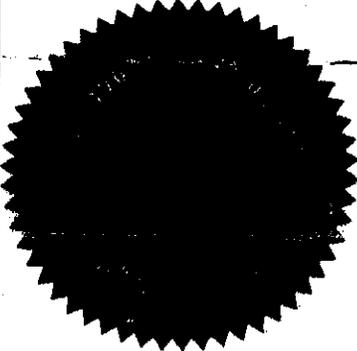
A certificate under oath of E. M. Hartley, A. G. Menear, and M. D. Cyphert, was this day filed, showing that a majority of all the qualified voters residing in the following boundary, to wit:

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.  $79^{\circ}$  W. 24.5 poles to south west corner of said cemetery, thence  $13^{\circ}$  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.  $7^{\circ}$  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.  $24^{\circ}$  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.  $73^{\circ}$  E. 202 poles to a post, corner to S.R. Martin and Sanford Scott, thence S.  $89^{\circ} 41'$  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 the county of Preston bounded as herein set forth.

And it appearing to the satisfaction of the Court, that all

INCORPORATION OF TOWN OF MASONTOWN

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 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 June  
nineteen hundred and five and in the forty-  
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 Masontown, was produced to me in my office,  
and therein admitted to record.

Teste.

*J. S. Hall*  
Clerk.

*Filed 07/11/05*

*Book # 3*

*Page # 49*

## Rules of Procedure

TOWN OF MASONTOWN

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

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

1. Regular Meetings. A notice shall be posted and maintained by the Town Clerk at the front door or bulletin board of the Masontown Town Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Town Clerk not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

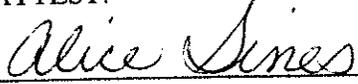
2. Special Meetings. A notice shall be posted by the Town Clerk at the front door or bulletin board of the Masontown Town Hall not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

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

Adopted this 10th day of MAY, 2001.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Town Clerk

CERTIFICATION

I, Alice Sines, duly appointed Town Clerk of the Town of Masontown do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the Town Council of the Town of Masontown at a regular meeting of Town Council held 5-10, 2001, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 30<sup>th</sup> day of May, 2001.

[SEAL]

Alice Sines  
Town Clerk

04/27/01  
561890/98001



**TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555**

---

**STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN—TO WIT**

I LYDIA MAIN 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 MAYOR IN THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

  
\_\_\_\_\_  
Lydia Main

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,  
THIS 29 DAY OF June, 2005.

  
\_\_\_\_\_  
Sandra Ennis, Recorder

**TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555**

---

**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 OF MY ABILITY, SO HELP ME GOD.



Sandra Ennis

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,  
THIS 29 DAY OF June, 2005.



---

Lydia Main, Mayor

**TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555**

---

**STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT**

I WADE 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 COUNCILMAN 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 28 DAY OF June, 2005.

Lydia Ann Meyer

**TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555**

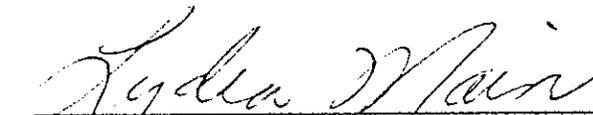
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**STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT**

I ROXIE 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 COUNCILMAN IN THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

  
\_\_\_\_\_  
Roxie Turner

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,  
THIS 25 DAY OF June, 2005.

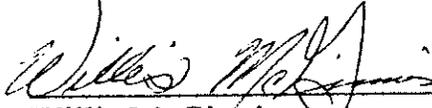
  
\_\_\_\_\_  
Lydia Main, Mayor

**TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555**

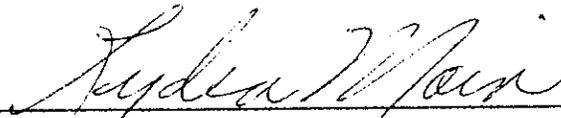
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**STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT**

I WILLIS MCGINNIS 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 COUNCILMAN IN THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

  
\_\_\_\_\_  
Willis McGinnis

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,  
THIS 29 DAY OF June, 2005.

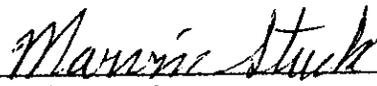
  
\_\_\_\_\_  
Lydia Main, Mayor

**TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555**

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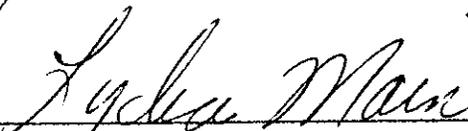
**STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT**

I MARVIN 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 COUNCILMAN IN THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

  
\_\_\_\_\_

Marvin Stuck

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,  
THIS 24 DAY OF June, 2005.

  
\_\_\_\_\_

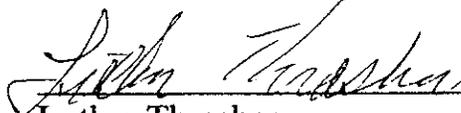
Lydia Main, Mayor

**TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555**

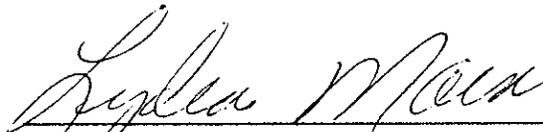
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**STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT**

I LUTHER THRASHER 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 COUNCILMAN IN THE TOWN OF MASONTOWN, TO WHICH I HAVE BEEN DULY ELECTED, TO THE BEST OF MY ABILITY, SO HELP ME GOD.

  
\_\_\_\_\_  
Luther Thrasher

SUBSCRIBED AND SWORN TO BEFORE ME, THE UNDERSIGNED,  
THIS 28 DAY OF June, 2005.

  
\_\_\_\_\_  
Lydia Main, Mayor



ORDINANCE 93

AN AMENDMENT TO AND RE-ENACTMENT OF AN ORDINANCE  
ESTABLISHING AND FIXING NEW RATES, FEES, CHARGES AND DELAYED  
PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE  
WATERWORKS SYSTEM OF THE TOWN OF MASONTOWN AND REPLACING A PRIOR  
ORDINANCE SETTING FORTH RATES

WHEREAS, by the adoption of the prior Ordinance of similar title, the water rates and associated water rates for the Town of Masontown were fixed and set within said Ordinance;

NOW, THEREFORE, THE TOWN COUNCIL OF THE MUNICIPALITY OF MASONTOWN HEREBY ORDAINS: The following schedule of water rates and rates associated thereto are hereby fixed and determined as the water rates and associated rates to be charged to customers of the water system of the Town of Masontown and does adopt these rates as set forth herein, and by adoption hereof, sets forth rates to be charged to customers of the waterworks system of the Town of Masontown throughout the territory served and does amend and re-enact the prior Ordinance:

SECTION 1. SCHEDULE OF RATES AND CHARGES WITHIN THE TOWN OF MASONTOWN

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

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

RATES

Customers with metered water supply served within the Municipality of Masontown:

<u>Number of Gallons/Month</u>	<u>Rate</u>
First 2,000 gallons	\$7.90 per 1000 gallons
Next 5,000 gallons	\$5.06 per 1000 gallons
Next 8,000 gallons	\$4.28 per 1000 gallons
Next 10,000 gallons	\$3.77 per 1000 gallons
Next 25,000 gallons	\$3.09 per 1000 gallons
All Over 50,000 gallons	\$2.40 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$15.80 which is the equivalent to 2,000 gallons or the following minimum amounts according to the size of meter installed:

5/8 inch x 3/4 inch meter, or less	\$ 15.80 per month
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1 inch meter	\$ 39.50 per month
1 1/2 inch meter	\$ 79.00 per month
2 inch meter	\$126.40 per month
3 inch meter	\$237.00 per month
4 inch meter	\$395.00 per month

SECTION 2. SCHEDULE OF RATES AND CHARGES OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF MASONTOWN

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

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

RATES

Customers with metered water supply served without the Municipality of Masontown:

<u>Number of Gallons/Month</u>	<u>Rate</u>
First 2,000 gallons	\$10.29 per 1000 gallons
Next 5,000 gallons	\$6.69 per 1000 gallons
Next 8,000 gallons	\$5.83 per 1000 gallons
Next 10,000 gallons	\$5.50 per 1000 gallons
Next 25,000 gallons	\$4.80 per 1000 gallons
All Over 50,000 gallons	\$2.58 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$20.58 which is the equivalent to 2,000 gallons or the following minimum amounts according to the size of meter installed:

5/8 inch x 3/4 inch meter, or less	\$ 20.58 per month
1 inch meter	\$ 46.31 per month
1 1/2 inch meter	\$ 92.61 per month
2 inch meter	\$148.18 per month
3 inch meter	\$277.83 per month
4 inch meter	\$463.05 per month

SCHEDULE 3. OTHER APPLICABLE RATES AND CHARGES TO ALL CUSTOMERS WITHIN THE TOWN OF MASONTOWN AND OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF MASONTOWN

DELAYED PAYMENT PENALTY

The above schedule of rates is net. On all current accounts not paid in full when due, within

twenty (20) days of date of bill, a ten percent (10%) penalty will be added to the net current amount unpaid. 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 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.

#### WATER CONNECTION CHARGE (TAP FEE)

A charge of \$350.00 will be made for every new subscriber requiring a new connection for meters of one inch or less.

Where new connections involve meters larger than one inch, the new connection will be \$350.00 or actual cost, whichever is greater.

#### RECONNECTION SERVICE CHARGE

(a) Whenever the supply of water is turned off for violation of rules and regulations, nonpayment of bills, or fraudulent use of water, a reconnection charge in the amount of Twenty Dollars (\$20.00) shall be paid as tariff for reconnecting service.

(b) If service is discontinued at the request of a customer, the Masontown Water Works may refuse service to such customer, at the same premises, within eight (8) months, unless said Water Works shall first receive payment in the amount of Twenty Dollars (\$20.00) as a tariff for reconnecting services.

#### RETURNED CHECKS FOR INSUFFICIENT FUNDS

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

#### LEAK ADJUSTMENT

\$1.30 per thousand (1,000) gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applicable to all such unusual consumption above the customer's historical average usage.

#### SECURITY DEPOSIT

Not to exceed one-sixth (1/6) of the annual estimated charge for residential service or \$50.00, whichever is greater or one-sixth (1/6) of annual estimated charge for commercial service.

#### SECTION 4. EFFECTIVE DATE

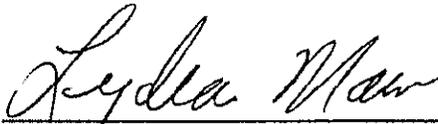
The rates, charges and delayed payment penalty provided herein shall become effective forty-five (45) days after final enactment hereof.

SECTION 5. 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, order or parts thereof in conflict with the provisions of this Ordinance are, to the extend of such conflicts, hereby repealed.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City 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 the Council at the Masontown Town Hall, Masontown, West Virginia, on the 13th day of September, 2006, at 6:00 p.m., which date is not less than ten (10) 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 Water Clerk, Masontown Water Office, West Virginia Route 7, Masontown, West Virginia, during regular office hours.

  
\_\_\_\_\_  
Lydia Main, Mayor

Attest:

  
\_\_\_\_\_  
Recorder

First Reading: August 23, 2006

Second Reading: September 13, 2006



**August 28, 2006**  
**the Old Pro-PT**

**1. Our phone number**  
**304-329-0256.**  
**u There!**

**NOTICE**

**ADVERTISEMENT**

Big Company, Inc., 2708 Cranberry has submitted an application for the p. WV1007220 to the Department of Street, Suite 301, Philippi, West from reclaimed coal surface mine reexport seam of coal. The operation into Big Sandy Creek of the Cheat at Bruceton Mills, in Pleasant District of Latitude 39° 36' 30" (Coordinates

is seeking information on private located in the above listed receiving operation. Please provide your name, the stream being with the intake, and nation needs to be submitted to the

cluded. Tier 1 protection is afforded ce with water quality criteria for all

application or requests for a public tion shall be in writing and if a public is issues proposed to be raised in the should be sent to the Department of above, and must also reference the

06, or thirty (30) days from date of article 11/WVNPDES application, draft available for inspection and obtaining DEP Regional Office located at the

available.

Other menu items will include homemade pies, hot dogs, hamburgers and ice cream treats.

A community block party will begin at 7 p.m. and will feature karaoke music.

**LEGAL NOTICE**

**AN AMENDMENT TO AND RE-ENACTMENT OF AN ORDINANCE ESTABLISHING AND FIXING NEW RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE TOWN OF MASONTOWN AND REPLACING A PRIOR ORDINANCE SETTING FORTH RATES**

WHEREAS, by the adoption of the prior Ordinance of similar title, the water rates and associated water rates for the Town of Masontown were fixed and set within said Ordinance;

NOW, THEREFORE, THE TOWN COUNCIL OF THE MUNICIPALITY OF MASONTOWN HEREBY ORDAINS: The following schedule of water rates and rates associated thereto are hereby fixed and determined as the water rates and associated rates to be charged to customers of the water system of the Town of Masontown and does adopt these rates as set forth herein, and by adoption hereof, sets forth rates to be charged to customers of the waterworks system of the Town of Masontown throughout the territory served and does amend and re-enact the prior Ordinance:

**SECTION 1. SCHEDULE OF RATES AND CHARGES WITHIN THE TOWN OF MASONTOWN**

**APPLICABILITY**

Applicable to entire area served.

**AVAILABILITY OF SERVICE**

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

**RATES**

Customers with metered water supply served within the Municipality of Masontown

Number of Gallons/Month	Rate
First 2,000 gallons	\$7.90 per 1,000 gallons
Next 5,000 gallons	\$5.06 per 1,000 gallons
Next 8,000 gallons	\$4.28 per 1,000 gallons
Next 10,000 gallons	\$3.77 per 1,000 gallons
Next 25,000 gallons	\$3.09 per 1,000 gallons
All Over 50,000 gallons	\$2.40 per 1,000 gallons

**MINIMUM CHARGE**

No bill shall be rendered for less than \$15.80 which is the equivalent to 2,000 gallons or the following minimum amounts according to the size of meter installed:

5/8 inch x 3/4 inch meter or less	\$15.80 per month
1 inch meter	\$39.50 per month
1 1/2 inch meter	\$79.00 per month
2 inch meter	\$128.40 per month
3 inch meter	\$237.00 per month
4 inch meter	\$395.00 per month

**SECTION 2. SCHEDULE OF RATES AND CHARGES OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF MASONTOWN**

**APPLICABILITY**

Applicable to entire area served.

**AVAILABILITY OF SERVICE**

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

**RATES**

Customers with metered water supply served without the Municipality of Masontown:

Number of Gallons/Month	Rate
First 2,000 gallons	\$10.29 per 1,000 gallons
Next 5,000 gallons	\$6.69 per 1,000 gallons
Next 8,000 gallons	\$5.83 per 1,000 gallons
Next 10,000 gallons	\$5.50 per 1,000 gallons
Next 25,000 gallons	\$4.80 per 1,000 gallons
All Over 50,000 gallons	\$2.58 per 1,000 gallons

**MINIMUM CHARGE**

No bill shall be rendered for less than \$20.58 which is the equivalent to 2,000 gallons or the following minimum amounts according to the size of meter installed:

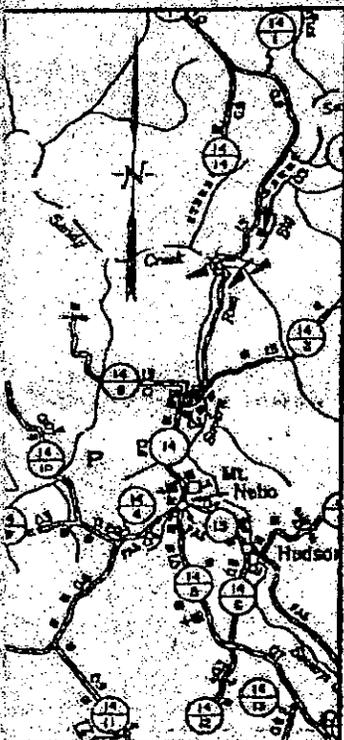
5/8 inch x 3/4 inch meter or less	\$20.58 per month
1 inch meter	\$46.31 per month
1 1/2 inch meter	\$92.61 per month
2 inch meter	\$148.18 per month
3 inch meter	\$277.83 per month
4 inch meter	\$463.05 per month

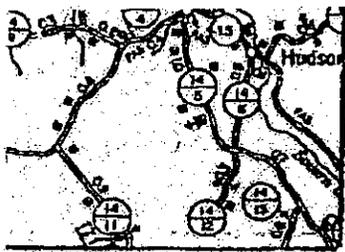
**SCHEDULE 3. OTHER APPLICABLE RATES AND CHARGES TO ALL CUSTOMERS WITHIN THE TOWN OF MASONTOWN AND OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF MASONTOWN**

**DELAYED PAYMENT PENALTY**

The above schedule of rates is net. On all current accounts not paid in full when due, within twenty (20) days of date of bill, a ten percent (10%) penalty will be added to the net current amount unpaid. 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

8/26





## MAP

## MILE

District

City

## NOTICE

NOTICE

### NOTICE FOR ENGINEERING SERVICES

The City of Kingwood, West Virginia, is in the process of preliminary engineering, design, and construction services for a sanitary sewer system, but not limited to, the abandonment and reconstruction along Route 7 North.

It is not limited to: (1) preliminary design; (2) funding applications; (3) design; (4) construction; (5) participation in the evaluation and inspection of construction activities to be performed.

In accordance with West Virginia Code provisions meeting OMB Circular A-102 and in being considered for this project, the City of Kingwood is seeking a Letter of Interest; (2) Statement of Experience of management and staff on this project; and (4) Examples of previous projects in this request for proposals (RFP).

The City will objectively select the engineering firm to provide services at a realistic fee. Accordingly, proposals will be weighed heavily. Firms judged most qualified will be viewed by the City of Kingwood.

Proposals should be submitted to the City of Kingwood, Attn: Martha IV, 26537, no later than 4:00 p.m. on September 1, 2006.

The project may be undertaken through various phases and will be performed in accordance with the selected firm will be required to comply with Executive Order 11246, Section 109 of the Civil Rights Act of 1974, Section 3 of the Housing and Urban Development Act, and other federal and state agencies, including Conflict of Interest provisions.

Proposals should include requirements, terms and conditions as set forth in the Request for Proposal. The selected firm must be a minority-owned/Women-owned Business Enterprise (M/WBE) and all other conditions by submitting a properly completed proposal.

The City reserves the right to subcontract a portion of the total project to other qualified businesses. This shall be done in accordance with 40 CFR 33.240. Failure to comply may lead to rejection of bids. For the purposes of this contract, the contractor includes all construction, design, and/or by the firm in the execution of the project.

The City provides an opportunity to disadvantaged business enterprises to respond to this invitation and will not discriminate on the grounds of race, creed, or religion in the award of the contract.

The City will select the responsible firm whose proposal and qualifications are determined to be the most qualified.

For more information, contact Lea Wolfe, Region VI PDC

2 inch meter

\$148.18 per month

3 inch meter

\$277.83 per month

4 inch meter

\$483.05 per month

### SCHEDULE 3. OTHER APPLICABLE RATES AND CHARGES TO ALL CUSTOMERS WITHIN THE TOWN OF MASONTOWN AND OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF MASONTOWN

#### DELAYED PAYMENT PENALTY

The above schedule of rates is net. On all current accounts not paid in full when due, within twenty (20) days of date of bill, a ten percent (10%) penalty will be added to the net current amount unpaid. 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 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.

#### WATER CONNECTION CHARGE (TAP FEE)

A charge of \$350.00 will be made for every new subscriber requiring a new connection for meters of one inch or less.

Where new connections involve meters larger than one inch, the new connection will be \$350.00 or actual cost, whichever is greater.

#### RECONNECTION SERVICE CHARGE

(a) Whenever the supply of water is turned off for violation of rules and regulations, nonpayment of bills, or fraudulent use of water, a reconnection charge in the amount of Twenty Dollars (\$20.00) shall be paid as tariff for reconnecting service.

(b) If service is discontinued at the request of a customer, the Masontown Water Works may refuse service to such customer, at the same premises, within eight (8) months, unless said Water Works shall first receive payment in the amount of Twenty Dollars (\$20.00) as a tariff for reconnecting services.

#### RETURNED CHECKS FOR INSUFFICIENT FUNDS

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

#### LEAK ADJUSTMENT

\$1.30 per thousand (1,000) gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applicable to all such unusual consumption above the customer's historical average usage.

#### SECURITY DEPOSIT

Not to exceed one-sixth (1/6) of the annual estimated charge for residential service or \$50.00, whichever is greater or one-sixth (1/6) of annual estimated charge for commercial service.

#### SECTION 4. EFFECTIVE DATE

The rates, charges and delayed payment penalty provided herein shall become effective forty-five (45) days after final enactment hereof.

#### SECTION 5. SEPARABILITY: HEPEAL OF CONFLICTING ORDINANCES

The provisions of the 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, order 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 City 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 the Council at the Masontown Town Hall, Masontown, West Virginia, on the 13<sup>th</sup> day of September, 2006, at 6:00 p.m., which date is not less than ten (10) 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 Water Clerk, Masontown Water Office, West Virginia Route 7, Masontown, West Virginia, during regular office hours.

#### CERTIFICATION AND NOTICE

The foregoing Ordinance was introduced and adopted on first reading at a meeting of the Council held on August 23, 2004. Any person interested may appear before the Council of the Town of Masontown, at the Masontown Town Hall, Masontown, West Virginia, on the 13<sup>th</sup> day of September, 2006, at 6:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard with respect thereto. Following such public hearing, the Council will then take such action as it shall deem proper. The proposed Ordinance may be inspected by the public at the office of the Masontown Water Works, W. V. Route #7, Masontown, West Virginia.

Lydia Main, Mayor

8/26, 9/2

8/26, 9/2

Thursday and Friday to  
 Bruceon Mills, Newburg,  
 Rowlesburg and Tunnelton. For  
 more information, phone/TDD  
 329-0464 or 1-800-661-7556.

## GREEN BEANS

Half Runner  
 Green Beans  
**304-735-5161**

Now accepting  
 applications for 1, 2 & 3  
 bedroom apartments.  
 Section 8 approved.



The Pines and Pinewood  
 in Reedsville, WV

For information call 265-5624  
 Or email: arathias@msn.com



PIERPONT  
 COMMUNITY & TECHNICAL COLLEGE  
 OF FAIRMONT STATE UNIVERSITY

## Apprentice Miner Orientation Program

"Red Hat"  
 Certification Course  
 80-hour program

Preston High School  
 Weekday Evenings  
 10/03/06 - 10/20/06  
 5 - 10 p.m.

**\$350**

Financial assistance available  
 for those who qualify

**304-367-4920**

www.fairmontstate.edu/cwe

*Full-Time - This position  
 offers a flexible schedule,  
 applicant needs to be  
 dependable, experience  
 not required but a plus.*

Send resume to:  
 Rt. 1 Box 20  
 Albright, WV 26519

The Town of  
 Masontown is  
 accepting resumes for  
 full & part-time police  
 officers. Must be state  
 certified. Resumes can  
 be mailed to:

Town of Masontown  
 PO Box 340

Masontown, WV 26542  
 Must be received by  
 October 4, 2006.

in accordance with the provisions of  
 Chapter 41, Article 5, Section 11, 12, or  
 13, of the West Virginia Code. An  
 interested person objecting to the  
 qualifications of the personal  
 representative or the venue or  
 jurisdiction of the court must file such  
 objections with the Preston County  
 Commission within three months after  
 the date of the first publication hereof  
 or within thirty days of service of the notice  
 required by Chapter 44, Article 1,  
 Section 14a(d), of the West Virginia  
 Code, whichever is later.

Settlement of these estates will  
 proceed without reference to a fiduciary  
 commissioner unless within ninety days  
 from the first publication of this notice a  
 reference is requested by a party in  
 interest or an unpaid creditor files a  
 claim and good cause is shown to  
 support reference to a fiduciary  
 commissioner.

The date of first publication of this  
 Notice is September 9, 2006.

Nancy Reckart, County Clerk  
 9/9/16

## LEGAL NOTICE

### PUBLIC NOTICE OF CHANGE IN WATER RATES BY TOWN OF MASONTOWN

Notice is hereby given that the Town of Masontown, a municipal utility, has adopted by ordinance on September 13, 2006, a tariff containing increased rates, tolls and charges for furnishing water service to 291 customers within the Town of Masontown and 464 customers without the Town of Masontown, all situate within Preston County, West Virginia.

The proposed increased rates and charges will become effective October 30, 2006, unless otherwise ordered by the Public Service Commission ("the Commission") and will produce approximately \$75,305.00 annually in additional revenue, an overall increase of 38.68%. The average monthly bill for the various classes of customers will be changed as follows:

	(\$) INCREASE	INCREASE (%)
Residential/Commercial (in town)	\$6.40	35.6%
Residential/Commercial (out of town)	\$9.51	35.6%
Industrial	N/A	N/A
Retail	N/A	N/A
Other	N/A	N/A

The increase shown is based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

- (1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than 25% of the customers served by the Town of Masontown;
- (2) Any customer who is served by the Town of Masontown and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or
- (3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the Town of Masontown. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates is available for public inspection at the Water Office of the Town of Masontown, Masontown, West Virginia.

A copy of the proposed rates is available for public inspection at the office of the Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

9/16,23

## MEMORIAL HOSPITAL

for the combined position of  
 Receptionist/Administrative Assistant.

Split equally between Outpatient and  
 Inpatient. Applicant must be a high school graduate  
 and a related field is preferred.  
 Applicant must be able to organize and present statistical  
 information in a variety of memoranda and letters.  
 Applicant must have computer skills and hospital/health  
 care experience sufficient to orient and assist  
 patients. Computer experience is preferred.

Applicants must have an excellent medical and dental  
 history, unlimited use of hospital fitness  
 center and a "Quality Care Close to Home."

For more information visit [www.memorial.org](http://www.memorial.org) or fax to 304-329-2826  
 Memorial Hospital, Kingwood, WV 26537.

## From the desk of the Governor

By Gov. Joe Manchin

On April 29, 2005, I was pleased to sign into law civil justice and insurance reform legislation that provided our residents with some needed financial relief. At that time, the major insurance companies doing business in West Virginia made a commitment that the passage of comprehensive civil justice and insurance reforms would put millions of dollars back into the pockets of our taxpayers.

Sixteen months later, not only

are insurance companies fulfilling and exceeding their commitments to lower rates, but they are showing a renewed interest in making investments in a resurging West Virginia insurance market. Since this legislation took effect, I am pleased to report the insurance industry has returned more than \$70 million back to taxpayers through premium rate reductions – exceeding its original commitment by more than \$20 million.

Earlier this week, State Farm

### Special board meeting set

The Preston County Board of Education will be meeting in special session at 7 p.m. on Monday, September 18, at their office in Kingwood.

Items on the agenda include student hearings at 7:15 p.m., 8 p.m., 8:30 p.m. and 9 p.m.

Personnel items are also on the agenda, as well as a resolution and contract with the state for the safe and drug free communities program.

### Water rate increase planned

The Town of Masontown has voted this week to adopt an ordinance to increase water rates in that community. The rate change will impact 291 customers within the town and 464 who live outside the town limits.

The increase for residential rates is about 35.6% for both groups and additional revenue to be generated was estimated at approximately \$75,305.

The WV Public Service Commission will review the proposed change, to be effective October 30, unless otherwise ordered by that agency.

A complete copy of the plan is available at the Water Office, in Masontown, or at the PSC Office in Charleston.

Petitions or comments regarding this plan should be addressed to the PSC at 201 Brooks St., P.O. Box 812, Charleston, WV 25323

## Board approves personnel

Numerous personnel issues were addressed at Monday's meeting of the Preston County Board of Education.

—The board decided to

employee Amanda Street as Nurse-Assistant Teacher at Preston High School.

—Kim Taylor was assigned the job of Art Teacher at Central Preston Middle School.

—Kathryn Browning was assigned the job of Special Education Teach at Preston High School.

—Steve Dalton was transferred from Physical Education/Health Teacher at West Preston to Preston High School.

Insurance reaffirmed its commitment to the state's consumers in announcing its acquisition of new office space in Kanawha County that will be capable of handling the company's possible expansion in the future. The announcement came on the heels of another announcement by State Farm that it would make a five percent rate reduction in rates for its West Virginia homeowners!

## Senior

### Menu:

The Preston County Senior Citizens, Inc. has announced the menu for the week of September 18, 2006.

Monday: Pork BBQ/bun, navy beans, cole slaw, apple streusel, and 2% Milk.

Tuesday: Pork chop, mashed potatoes, sauerkraut, peas/carrots, whole wheat bread and 2% Milk.

Wednesday: Closed

Thursday: Spaghetti/meat sauce, tossed salad, Italian bread, pears and 2% Milk.

Friday: Liver & onions, mashed potatoes, peas, roll, Angel Food Cake/Peaches and 2% Milk.

Meals are served at the following locations: Terra Alta Senior Center, Washington Avenue; Rowlesburg Senior Center, Poplar Street; Newburg Senior Center; Masontown Senior Center; North Preston Senior Center; Tunnelton Senior Center and Preston County Senior Center at 421 1/2 East Main Street, Kingwood.

### Van Schedule:

Monday: Newburg, Rowlesburg, Terra Alta, and Tunnelton.

Tuesday: Kingwood, Newburg, North Preston,

Rowlesburg, Terra Alta, Tunnelton, and Wiley.

Wednesday: North Preston, Terra Alta and Tunnelton shopping.

Thursday: Kingwood, North Preston, Rowlesburg, Terra Alta

**Kingwood**



**TOWN OF MASONTOWN REGULAR MEETING**  
**AUGUST 23<sup>RD</sup> 2006**

The Town Council of Masontown met in regular session at Town Hall at 6:00 p.m. The meeting was called to order by Mayor Lydia Main. Members present were Whillis McGinnis, Mick Thrasher, Wade Lowdermilk, Roxie Turner, Marvin Stuck and Sandy Ennis.

The minutes of August 9<sup>th</sup> were read by the recorder and corrections were made.

Wade moved to accept the corrected minutes. Whillis second. Motion carried.

**OLD BUSINESS:**

Whillis moved to rescind the motion from the last meeting concerning selling the Graham property to T. J. Phillips. Wade second. Motion carried.

There will be a auction August 31<sup>st</sup> at 1:00 p.m. at Town Hall for the Graham property. All council members and sewer board members are asked to attend.

Mayor Main reported the Kennedy property has began being demolished. She gave them a 30 day extension which would be till August 15<sup>th</sup>. They told her it would be done within 30 days. She told them it had to be cleaned up and leveled within the extension.

Mayor Main gave the Huggins boy a 7 day extension for his property on Depot Street to September 1<sup>st</sup>.

Roxie gave a report and read a burning solution in Town Limits by a permit form.

Roxie moved to accept a permit to burn in Masontown Town Limits. Marvin second. Discussion followed. Roxie, Marvin, Sandy and Mayor Main voted yes. Whillis, Wade and Mick voted no. Motion was carried. It will be published in the Journal so everyone will know.

**NEW BUSINESS:**

Marvin read the 1<sup>st</sup> reading of the Water Rate Ordinance. #93

Marvin moved to accept the 1<sup>st</sup> reading. Roxie second. Motion carried.

Marvin read to Council a request consent Release Clause for RUS.

Marvin moved to accept this for RUS. Roxie second. Motion carried.

Roxie reported she talked to John McKinney concerning the work being done on his property. He told her he is not happy with the work. Discussion followed.

Council had discussion on the ditch by Perry Matthews.

There was discussion on hiring a part-time policeman.

The Mayor reported the contractor hasn't started the park construction.

Roxie asked Council that she needed a new Demolition Code Book.

Mick moved to buy the Demolition Code Book and new membership fees. Whillis second. Motion carried.

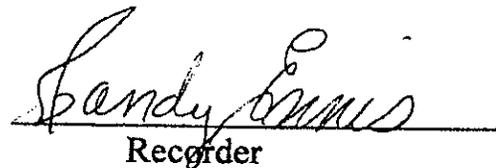
There was discussion concerning loud music being played on East Street but the situation has been taken care of.

Mayor Main gave a treasurer report.

Wade moved to pay all bills. Whillis second. Motion carried.

Meeting was adjourned at 6:50 p.m.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

**TOWN OF MASONTOWN REGULAR MEETING**  
**SEPTEMBER 13<sup>TH</sup> 2006**

The Town Council of Masontown met in regular session at Town Hall at 6:00 p.m. The meeting was called to order by Mayor Lydia Main. Members present were Whillis McGinnis, Mick Thrasher, Wade Lowdermilk, Roxie Turner, Marvin Stuck and Sandy Ennis.

The minutes for August 23<sup>rd</sup> will be read the next meeting.

**OLD BUSINESS:**

Mayor Main reported that the Kennedy property has been demolished but not hauled away. It was to be done by August 15<sup>th</sup>. There is a farm use truck there hauling away material.

Roxie reported that she issued 2 permits.

Chris Kelly proposed to Council the new sidewalk he wants to build. Several Council members will meet with him tomorrow September 14<sup>th</sup> at 9:00 to decide if it is possible to build them.

The Mayor reported the Graham property has been sold to T J Phillips for 65 loads of hauling from the Sewer Plant. Nothing can be done till the deed is back.

Roxie reported the Huggins property on Depot Street has been cleaned up.

Whillis reported that Susie Huggins property on Maple needs mowed. The Mayor will send Susie a letter and if grass is not mowed within 5 days she will be fined.

Roxie reported that she talked to Perry Matthews and he still wants gravel in his ditch. Council had fixed the ditch last year and will not fix it again. He has off street parking and needs to use it. He needs to park in his driveway and if he continues to park where he does now, Roxie told him he would he would to pay for any repairs.

**NEW BUSINESS:**

Marvin read the 2<sup>nd</sup> Reading of the Water Rate Ordinance #93

Marvin moved to accept the 2<sup>nd</sup> Reading of Water Rate Ordinance #93. Roxie second. Motion carried.

The Mayor reported that the Town's Christmas lights need new wiring and replacement bulbs before they can be used this year. The Mayor will get an estimate what it would cost for Allegheny Power to put the new wiring.

Wade moved for the Mayor to get this estimate for the new wiring and call by phone a majority of Council members to get a vote. Whillis second. Motion carried.

Sandy moved to cancel the September 27<sup>th</sup> Council meeting because of the Buckwheat Festival. Wade second. Motion carried.

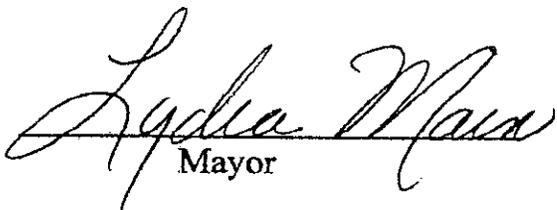
Whillis moved to advertise for a full or part-time certified policeman. Wade second. Motion carried.

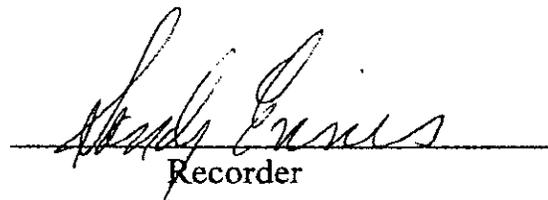
Wade reported the contractor D B Boring has started on the park construction.

Mayor Main gave a treasurer report.

Wade moved to pay all bills. Roxie second. Motion carried.

Meeting was adjourned at 6:35 p.m.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder



# Certificate of Publication

## LEGAL NOTICE

### NOTICE OF PUBLIC HEARING ON TOWN OF MASONTOWN BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the town of Masontown (the "Town") to be held on Wednesday, February 28, 2007, at 6:00 pm at the Town of Masontown Town Hall, One Midway Avenue, Masontown, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

### BOND AUTHORIZING ORDINANCE OF TOWN OF MASONTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF MASONTOWN OF NOT MORE THAN \$815,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$635,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of certain additions, betterments and improvements to the municipal water system of the Town of Masontown and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the water system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Masontown on February 13, 2007. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

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

Dated: February 13, 2007

/s/ Lydia Main  
Mayor  
2/14/21

I, **Carol Peters**, the undersigned Advertising Manager of The Preston County Journal, a weekly paper of general circulation, published at Wood, Preston County, West Virginia, do hereby certify that

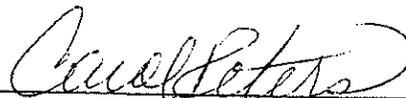
notice of Public Hearing - Town of Masontown Bond Ordinance

of which notice is hereto annexed, was published in said paper for Two consecutive weeks, beginning with its issue of 2/14/07

and expiring with its issue of 2/21/07

and I do further certify that on 2/21/07

notice was read and left posted, a copy of said notice at the front door of the Courthouse of said county.



ADVERTISING MANAGER

Subscribed and sworn to before me this the 17 day of February, 2007



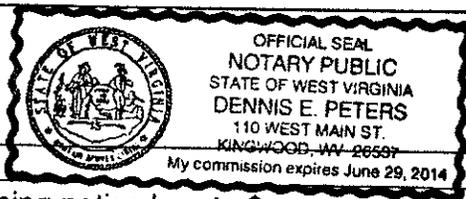
NOTARY PUBLIC

My commission expires 6/29/2014

Kingwood, WV

Received of \_\_\_\_\_

Amount for publishing notice hereto \$ \_\_\_\_\_



ADVERTISING MANAGER



THE TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

EXCERPT OF MINUTES ON ADOPTION  
OF BOND ORDINANCE AND SUPPLEMENTAL RESOLUTION

The undersigned Recorder of The Town of Masontown (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Town:

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The Council of the Town met in regular session, pursuant to notice duly posted, on the 28<sup>th</sup> day of February, 2007, in Masontown, West Virginia, at the hour of 6:00 p.m.

PRESENT:	Lydia Main	-	Mayor
	Sandy Ennis	-	Recorder
	Mick Thrasher	-	Councilmember
	Marvin Stuck	-	Councilmember
	Whillis McGinnis	-	Councilmember
	Roxie Turner	-	Councilmember
	Wade Loudermilk	-	Councilmember

ABSENT: None.

Lydia Main, Mayor, presided, and Sandy Ennis, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF MASONTOWN OF NOT MORE THAN \$815,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$635,500 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion.

Thereupon, motion duly made and seconded, it was unanimously ordered that the said Bond Ordinance be adopted and be in full force and effect on and from the date hereof.

The Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA

INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), OF THE TOWN OF MASONTOWN; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

Thereupon, the Mayor presented a resolution for the approval of invoices for consideration and there was discussion. Thereupon, upon a motion was duly made and seconded, it was unanimously ordered that the said resolution be adopted.

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

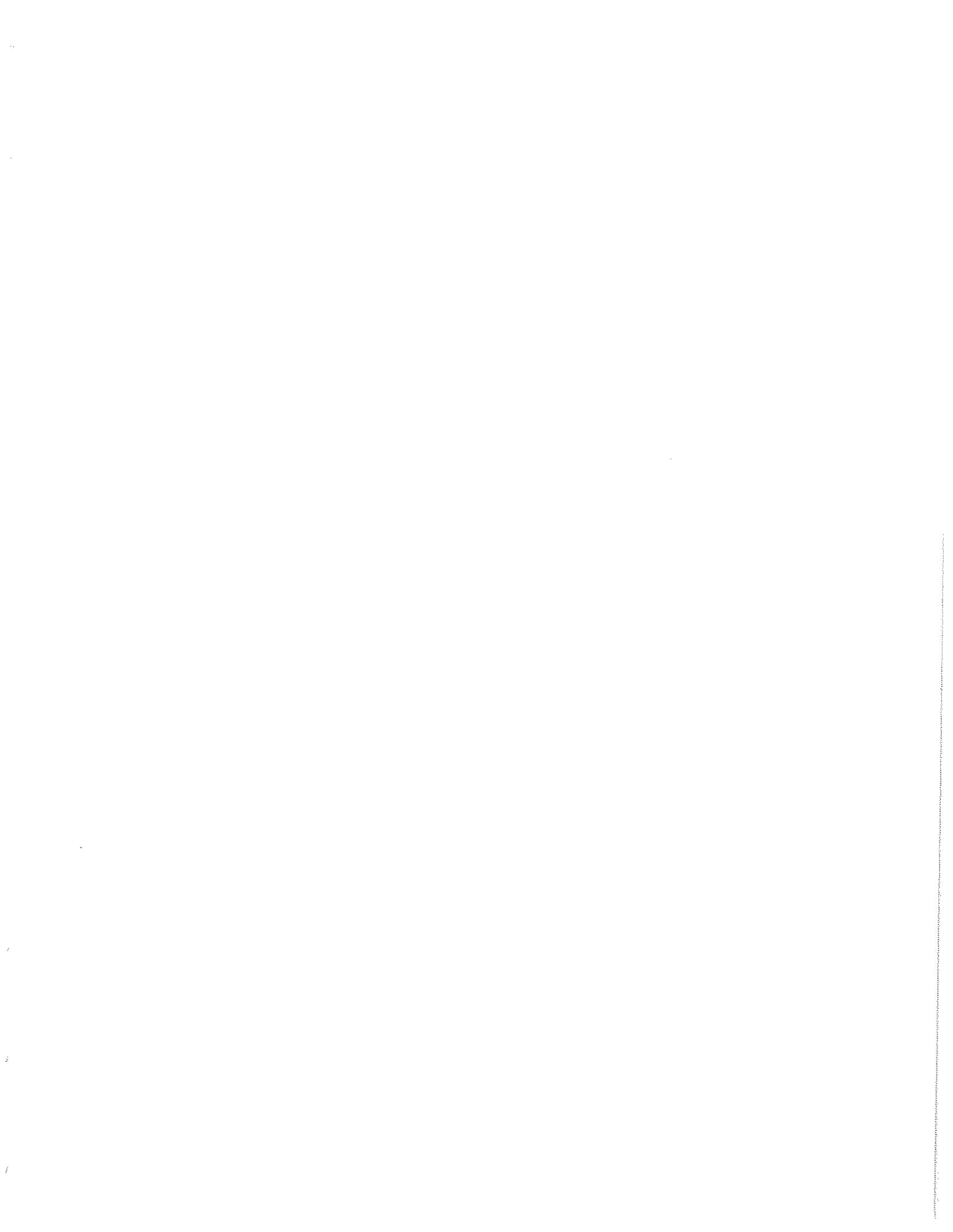
CERTIFICATION

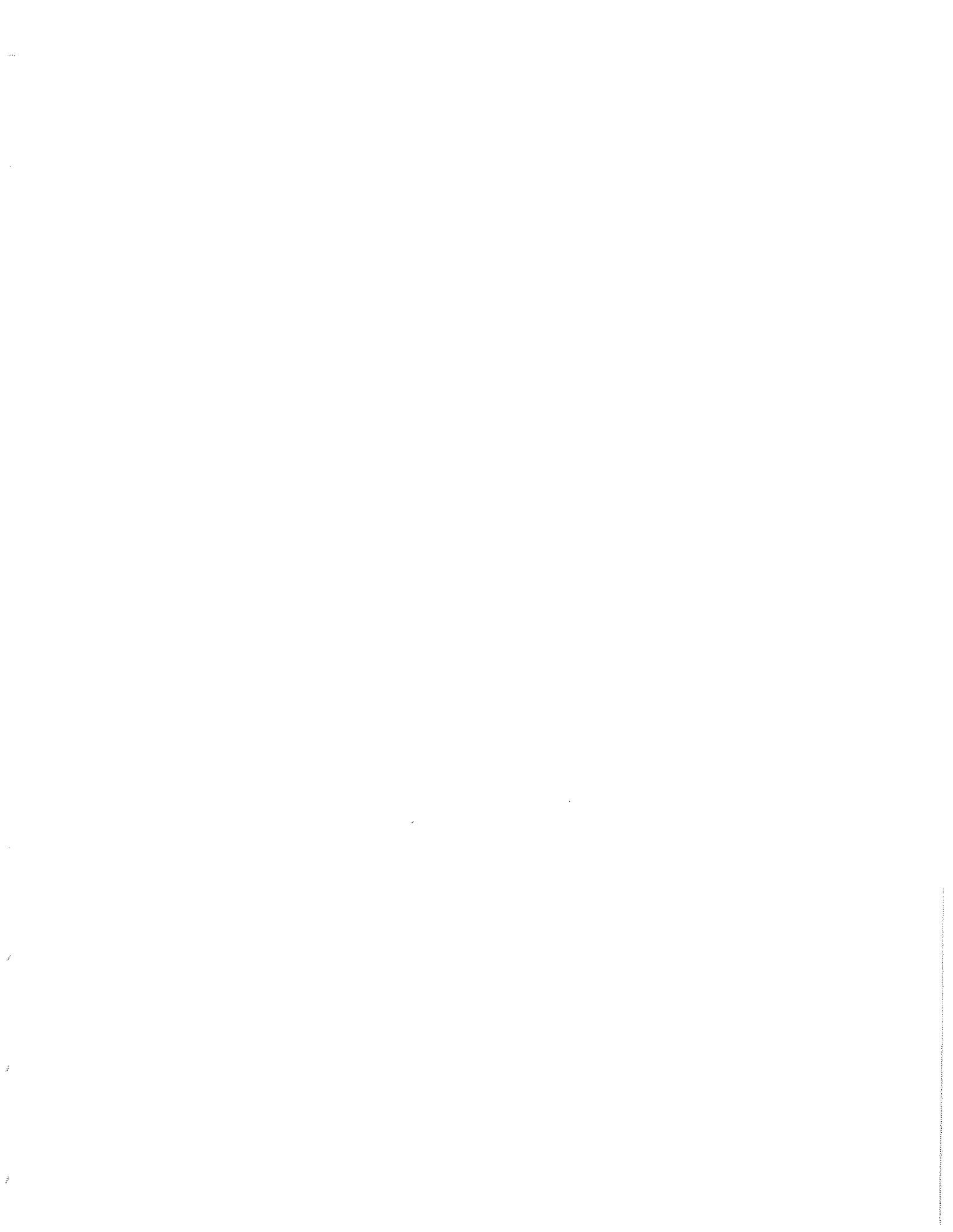
I hereby certify that the foregoing is a true copy of the minutes of The Town of Masontown and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 12<sup>th</sup> day of March, 2007.

  
Recorder

561890.00002





WV MUNICIPAL BOND COMMISSION  
#8 Capitol Street  
Terminal Building, Suite 500  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 12, 2007

(See Reverse for Instructions)

ISSUE: Town of Masontown Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: No. 1 Midway Avenue, P. O. Box 340, Masontown, COUNTY: Preston  
West Virginia 26542

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 12, 2007 CLOSING DATE: March 12, 2007

ISSUE AMOUNT: \$ 815,500 RATE: .5%

1ST DEBT SERVICE DUE: September 1, 2008 1ST PRINCIPAL DUE: September 1, 2008

1ST DEBT SERVICE AMOUNT: \$ 5,790.38 PAYING AGENT: Municipal Bond Commission

BOND  
COUNSEL: Steptoe & Johnson PLLC  
Contact Person: John Stump, Esquire  
Phone: 304.353.8196

UNDERWRITERS  
COUNSEL: Jackson Kelly PLLC  
Contact Person: Samme L. Gee, Esquire  
Phone: 304.340.1318

CLOSING BANK: WesBanco Bank  
Contact Person: Ms. Sandy Murray  
Phone: 304.864.6300

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: Honorable Lydia Main  
Position: Mayor  
Phone: 304.864.5555

OTHER: West Virginia Infrastructure and Jobs  
Development Council  
Contact Person: Jefferson Brady, 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.
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.

06/25/06  
561890.00002



WV MUNICIPAL BOND COMMISSION  
#8 Capitol Street  
Terminal Building, Suite 500  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 12, 2007

(See Reverse for Instructions)

ISSUE: <u>Town of Masontown Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program)</u>	
ADDRESS: <u>No. 1 Midway Avenue, P. O. Box 340, Masontown,</u>	COUNTY: <u>Preston</u>
<u>West Virginia 26542</u>	
PURPOSE OF ISSUE: New Money: <u>X</u> Refunding: _____	REFUNDS ISSUE(S) DATED: <u>N/A</u>
ISSUE DATE: <u>March 12, 2007</u>	CLOSING DATE: <u>March 12, 2007</u>
ISSUE AMOUNT: <u>\$ 635,500</u>	RATE: <u>0% [1.0% admin. fee]</u>
1ST DEBT SERVICE DUE: <u>September 1, 2008</u>	1ST PRINCIPAL DUE: <u>September 1, 2008</u>
1ST DEBT SERVICE AMOUNT: <u>\$ 5,296.00</u>	PAYING AGENT: <u>Municipal Bond Commission</u>
<b>BOND</b> COUNSEL: <u>Step toe &amp; Johnson PLLC</u> Contact Person: <u>John Stump, Esquire</u> Phone: <u>304.353.8196</u>	<b>UNDERWRITERS</b> COUNSEL: <u>Jackson Kelly PLLC</u> Contact Person: <u>Samme L. Gee, Esquire</u> Phone: <u>304.340.1318</u>
CLOSING BANK: <u>WesBanco Bank</u> Contact Person: <u>Ms. Sandy Murray</u> Phone: <u>304.864.6300</u>	ESCROW TRUSTEE: _____ Contact Person: _____ Phone: _____
KNOWLEDGEABLE ISSUER CONTACT Contact Person: <u>Honorable Lydia Main</u> Position: <u>Mayor</u> Phone: <u>304.864.5555</u>	OTHER: West Virginia Bureau for Public Health Contact Person: <u>Pat Taylor, P.E.</u> Function: <u>Manager</u> Phone: <u>304.558.6749</u>
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: _____ _____ _____	
<b>FOR MUNICIPAL BOND COMMISSION USE ONLY:</b> 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.

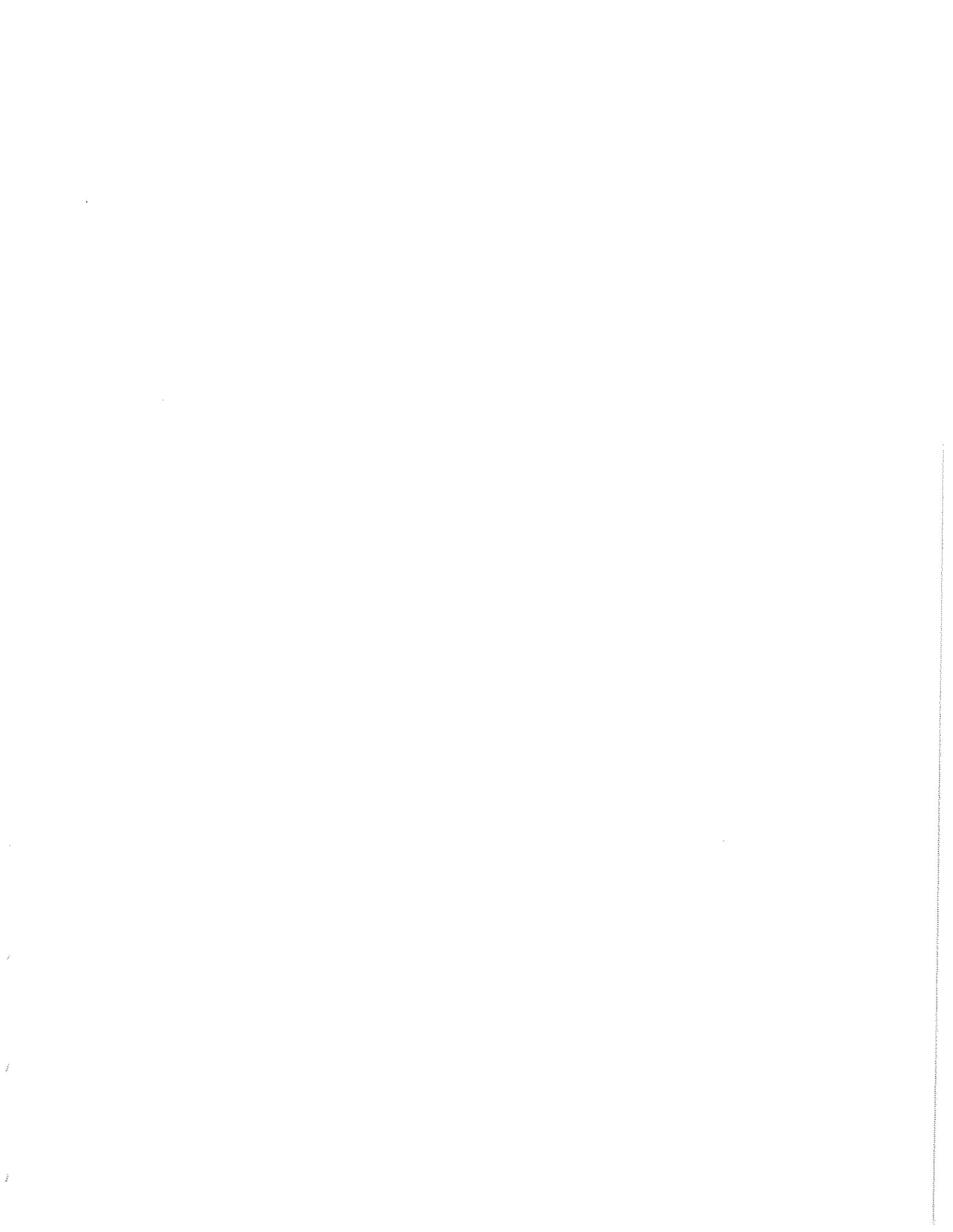
The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer 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.

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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.

06/25/06  
561890.00002



March 13, 2007

Town of Masontown  
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Internal Revenue Service  
Internal Revenue Service Center  
Ogden, Utah 84201

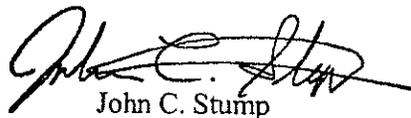
Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

  
John C. Stump

JCS/bsl  
Enclosure

cc: ✓ Vincent A. Collins, Esquire

561890.00002

CH880476.1

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)

► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

**Part I Reporting Authority** If Amended Return, check here

1 Issuer's name <b>Town of Masontown</b>	2 Issuer's employer identification number <b>55</b>
3 Number and street (or P.O. box if mail is not delivered to street address) <b>Post Office Box 340</b>	Room/suite
5 City, town, or post office, state, and ZIP code <b>Masontown, West Virginia 26542</b>	4 Report number <b>3</b>
7 Name of issue <b>Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)</b>	6 Date of issue <b>March 12, 2007</b>
9 Name and title of officer or legal representative whom the IRS may call for more information <b>Lydia Main, Mayor</b>	8 CUSIP number
	10 Telephone number of officer or legal representative <b>( 304 ) 864-5555</b>

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule

11 <input type="checkbox"/> Education	11	
12 <input type="checkbox"/> Health and hospital	12	
13 <input type="checkbox"/> Transportation	13	
14 <input type="checkbox"/> Public safety	14	
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15	<b>815,500</b>
16 <input type="checkbox"/> Housing	16	
17 <input type="checkbox"/> Utilities	17	
18 <input type="checkbox"/> Other. Describe ►	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 <b>March 1, 2047</b>	<b>\$ 815,500</b>	<b>\$ 815,500</b>	<b>21.344</b> years	<b>.500425 %</b>

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest	22	-0-
23 Issue price of entire issue (enter amount from line 21, column (b))	23	<b>815,500</b>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>15,500</b>
25 Proceeds used for credit enhancement	25	
26 Proceeds allocated to reasonably required reserve or replacement fund	26	
27 Proceeds used to currently refund prior issues	27	
28 Proceeds used to advance refund prior issues	28	
29 Total (add lines 24 through 28)	29	<b>15,500</b>
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>800,000</b>

**Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)**

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	31	n/a years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	32	n/a years
33 Enter the last date on which the refunded bonds will be called	33	n/a
34 Enter the date(s) the refunded bonds were issued	34	n/a

**Part VI Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b Enter the final maturity date of the guaranteed investment contract		
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

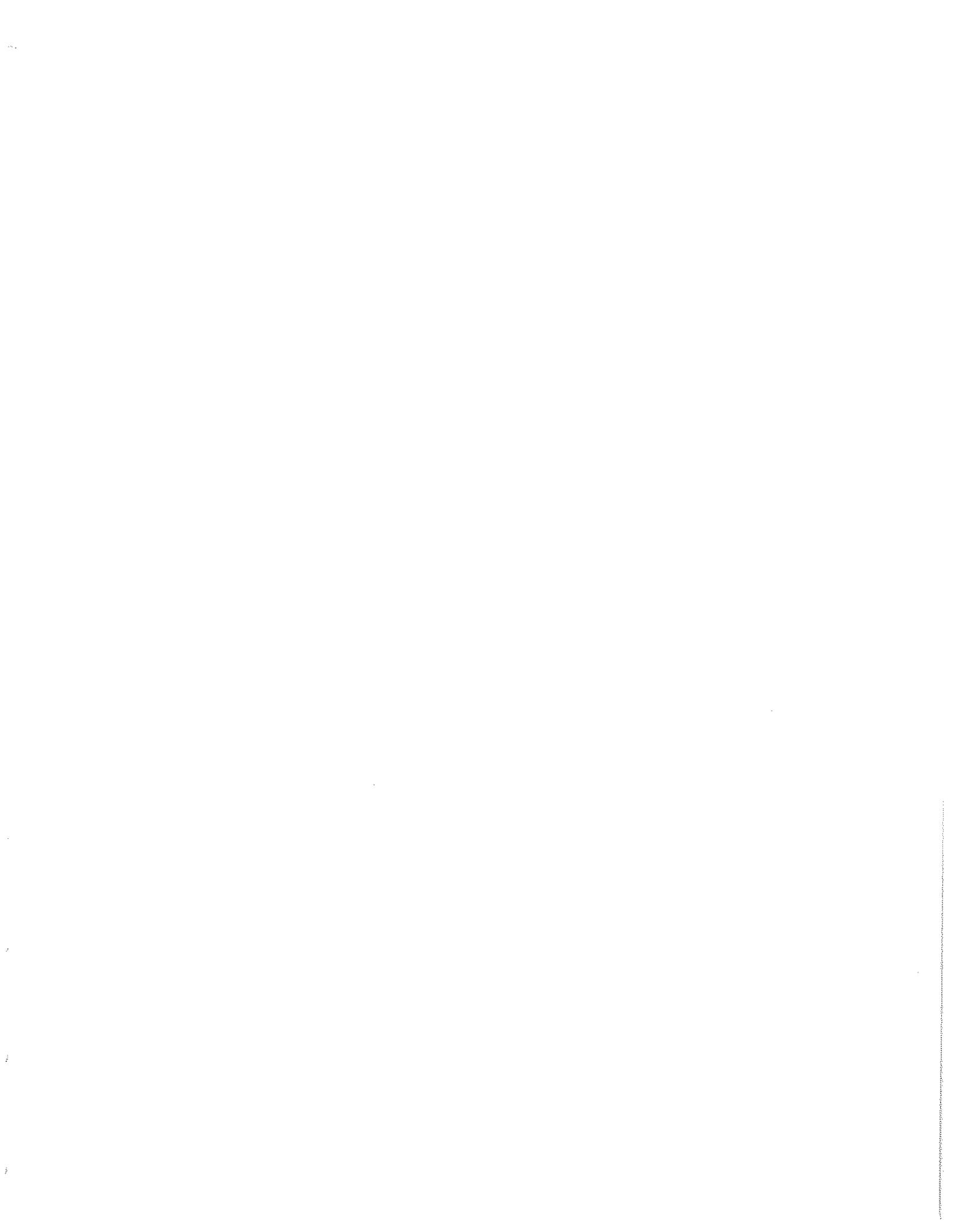
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

*Lydia Main*  
 Signature of issuer's authorized representative

March 12, 2007  
 Date

Lydia Main, Mayor  
 Type or print name and title



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds Series 2007 B  
(West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

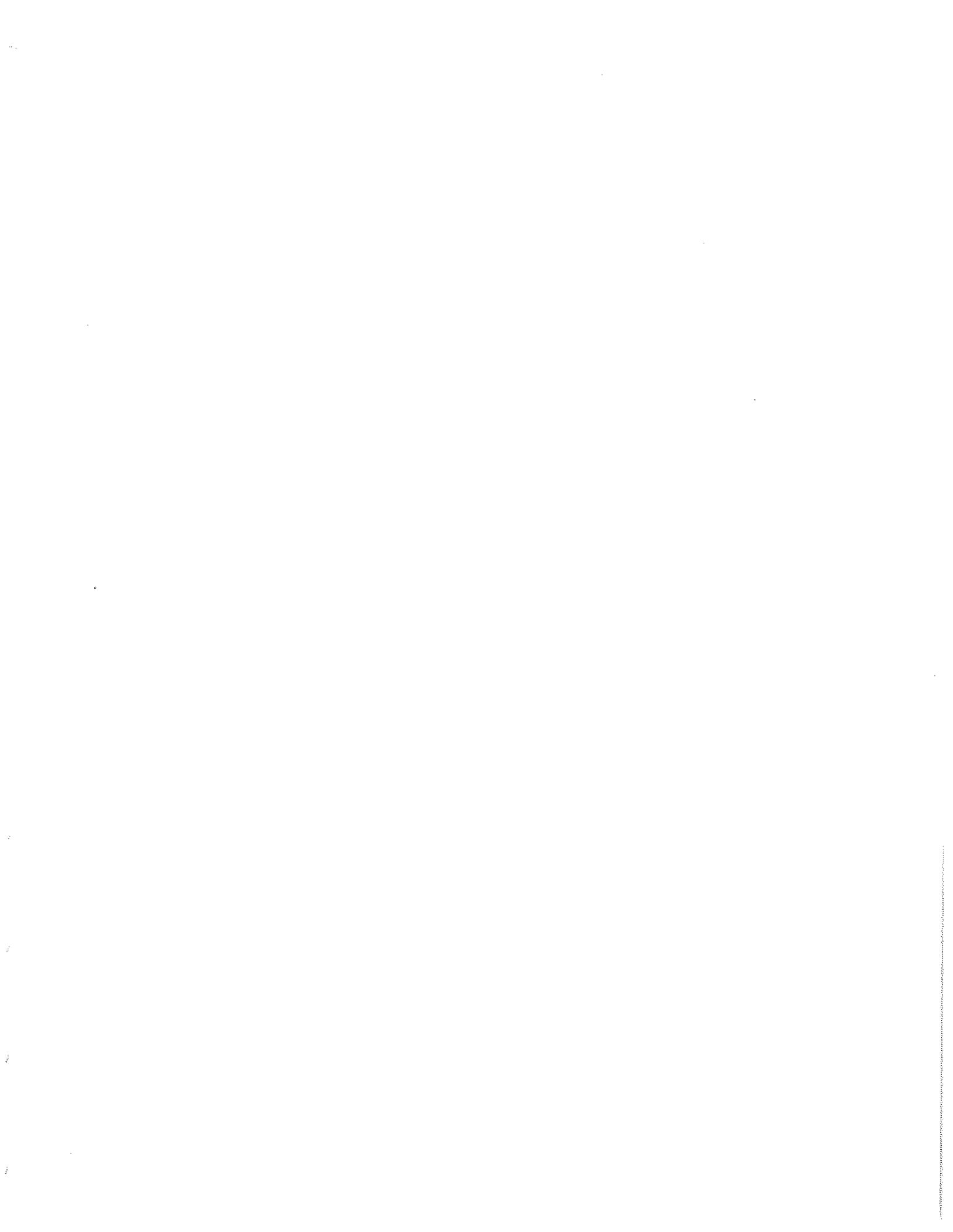
WesBanco Bank, Masontown, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Masontown (the "Issuer") enacted by the Issuer on February 28, 2007, and a Supplemental Resolution adopted by the Issuer on February 28, 2007 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (Taxable) and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), both dated March 12, 2007, issued in the respective original aggregate principal amounts of \$815,500 and \$635,500 (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 12<sup>th</sup> day of March, 2007.

WESBANCO BANK

By: Sandra L Murray  
Its: Authorized Officer

02.21.07  
561890.00002



TOWN OF MASONTOWN

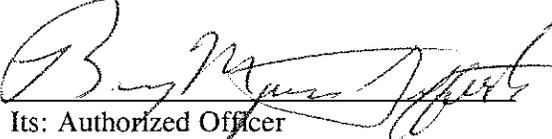
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Masontown Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 12, 2007, issued in the original aggregate principal amount of \$815,500 and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program) dated March 12, 2007 issued in the original aggregate principal amount of \$635,500 (collectively the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 12<sup>th</sup> day of March, 2007.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

02.21.07  
561890.00002



TOWN OF MASONTOWN

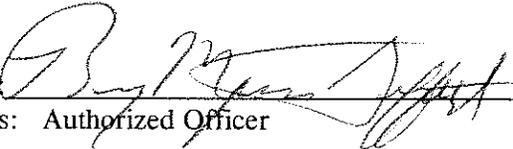
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

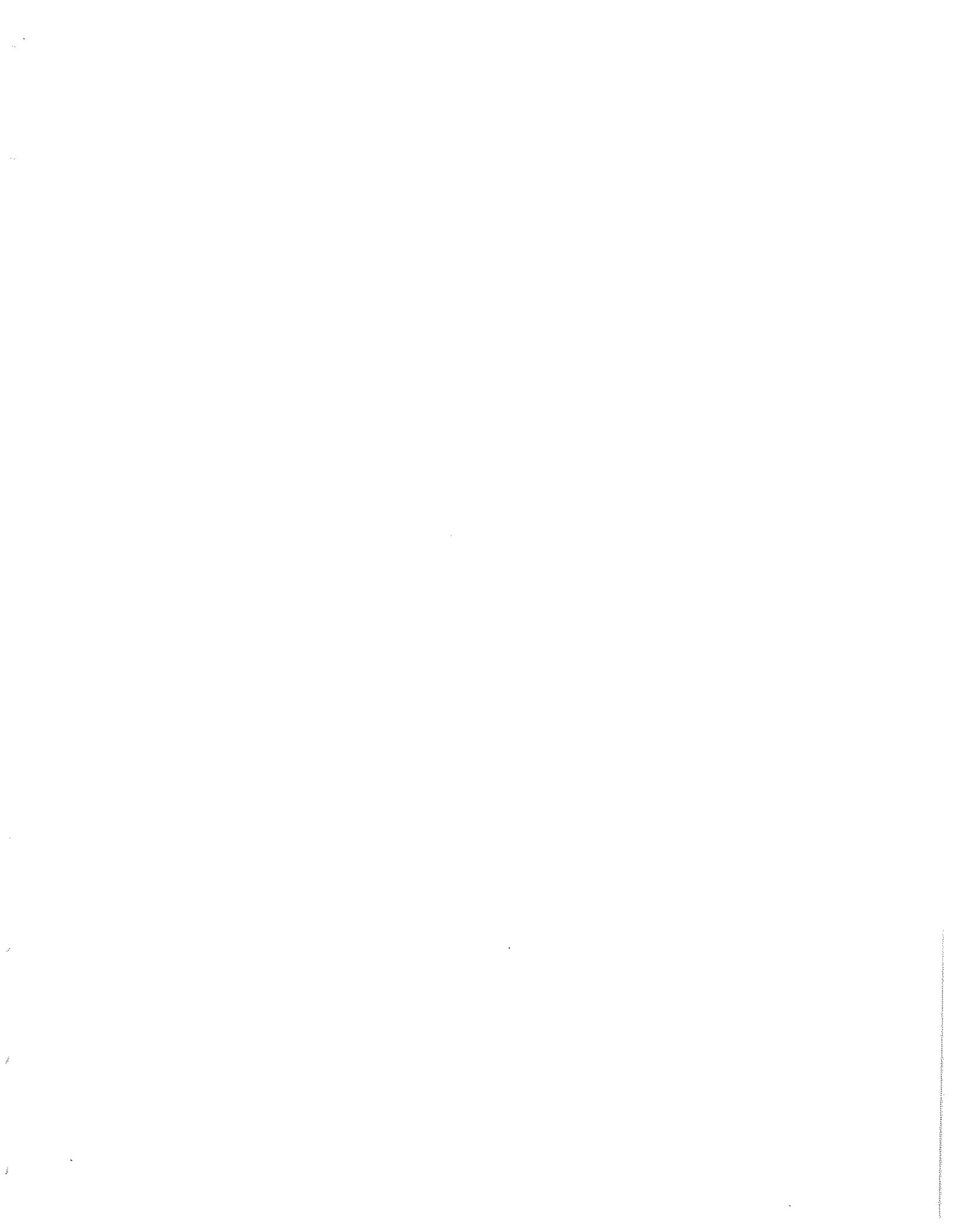
THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Masontown (the "Issuer"), hereby certifies that on the date hereof, (i) the single, fully registered Water Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, dated March 12, 2007, in the principal amount of \$815,500, numbered AR-1, was registered as to principal and interest and (ii) the single fully registered Water Revenue Bond, Series 2007 B (West Virginia DWTRF Program) of the Issuer, dated March 12, 2007, in the principal amount of \$635,500, numbered BR-1, was 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 Huntington National Bank, as Registrar.

WITNESS my signature on this 12<sup>th</sup> day of March, 2007.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

06/22/06  
561890.00002



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 12<sup>th</sup> day of March, 2007, by and between the TOWN OF MASONTOWN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$815, 500 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and its \$635,500 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted February 28, 2007, and a Supplemental Resolution of the Issuer duly adopted February 28, 2007 (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  
No. 1 Midway Avenue  
P. O. Box 340  
Masontown, West Virginia 26542  
Attention: Mayor

REGISTRAR: The Huntington National Bank  
One Huntington Square  
Charleston, West Virginia 25326  
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

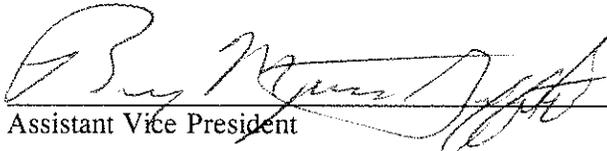
[Remainder of Page Intentionally Blank]

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

THE HUNTINGTON NATIONAL BANK

  
\_\_\_\_\_  
Assistant Vice President

02/10/05  
561890.00002

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group  
P.O. Box 633 - WE3013  
Charleston, West Virginia 25322-0633



STATEMENT OF TRUSTEE'S FEES  
Invoice Date March 12, 2007

Town of Masontown  
Account Number 6089001809

Town of Masontown  
Water Revenue Bonds, Series 2007 B  
C/o John C. Stump  
Stephoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR March, 2007

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- \* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT \*
- \* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN \*
- \* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. \*
- \* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 .....

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT  
Barry Morgan Griffith at (304)348-5035



10-0-  
Permit

RECEIVED  
JUN - 4 2004

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418

CHARLESTON, WEST VIRGINIA 25301-2616

TELEPHONE 304-558-2981

### PERMIT

PROJECT: (Water) Masontown Connection to MUB PERMIT NO.: 16,092

LOCATION: Masontown COUNTY: Preston DATE: 6-2-2004

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

**Masontown Water Works  
P. O. Box 340  
Masontown, West Virginia 26542**

is hereby granted approval to: install approximately 36 LF of 6" and 11,558 LF of 8" water line; one (1) new 250 G.P.M. duplex water booster station; convert the existing 60 G.P.M. Rohr Road water booster station to a solenoid operated pressure reducing valve station; and all necessary valves, controls and appurtenances, with connection to the Morgantown Utility Board water system at Tyrone Road.

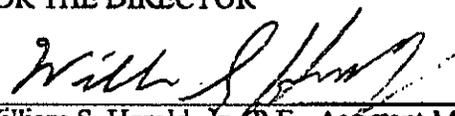
Facilities can serve approximately 750 existing and 11 new customers in the Masontown Water Works system. This interconnection with the Morgantown Utility Board system will provide an additional alternative source of water and, if necessary, a complete new source of water should the existing Masontown Water Works water treatment plant be abandoned.

**NOTE:** This permit is contingent upon all new water lines being disinfected, flushed and bacteriologically tested, prior to use.

The Office of Environmental Health Services Philippi District Office, telephone (304) 457-2296, is to be notified when construction begins.

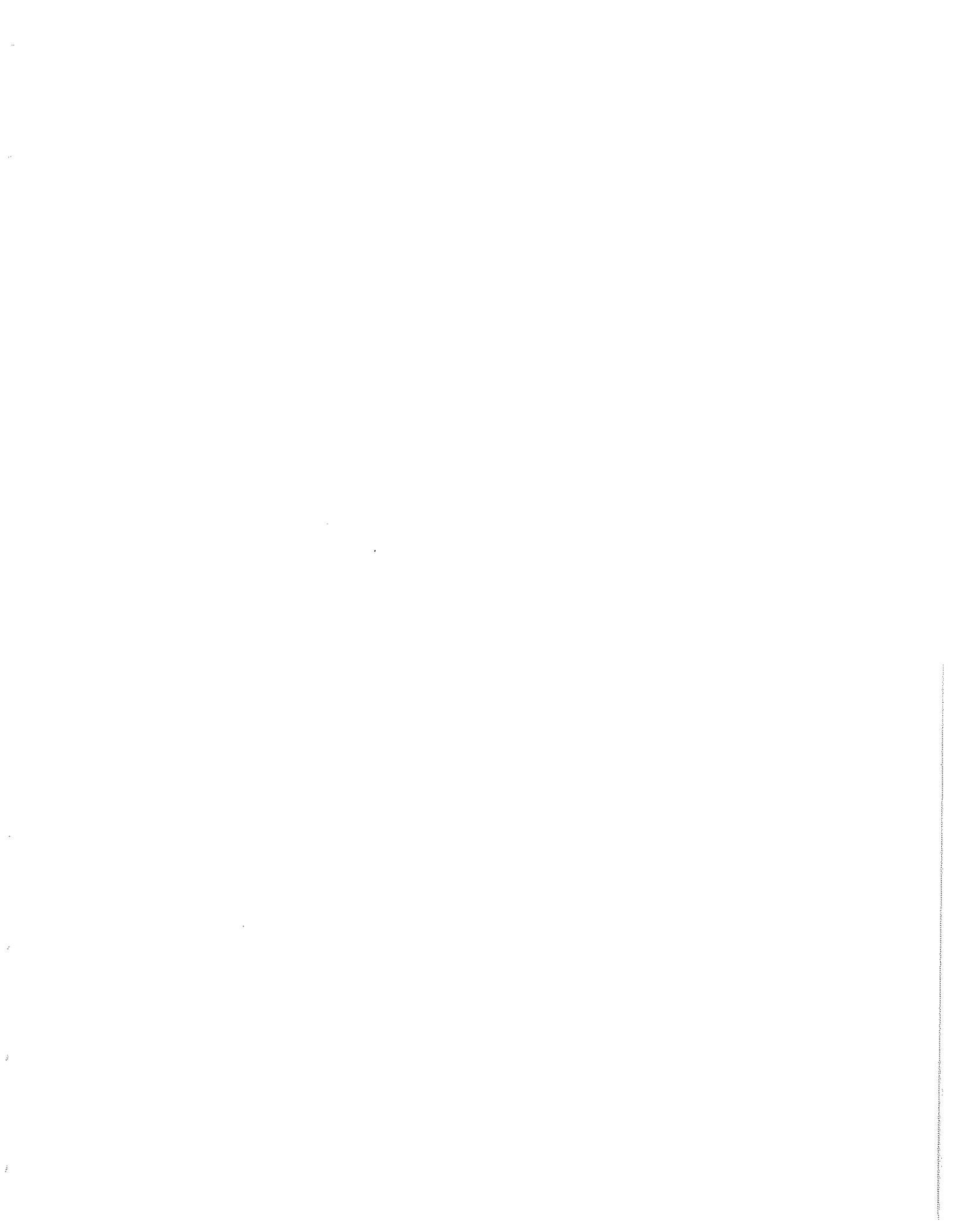
Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

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

WSH:nlh

pc: ✓ Thrasher Engineering  
 MUB  
 James W. Ellars, P.E., PSC-Engineering Division  
 Arny Swann, PSC  
 Preston County Health Department  
 OEHS-EED Philippi District Office



## WATER PURCHASE AGREEMENT

THIS AGREEMENT is made this 23<sup>rd</sup> day of October 2006,  
by and between the City of Morgantown, by and through the Morgantown Utility Board, and the  
Town of Masontown. Both parties to this Agreement are municipal corporations and political  
subdivisions of the State of West Virginia.

**WHEREAS**, the Morgantown Utility Board ("Morgantown") owns and operates a public  
water supply treatment plant and an ancillary water distribution system; and,

**WHEREAS**, the Town of Masontown ("Masontown") wishes to purchase treated water  
from a point along the Morgantown distribution system in order to supply drinking water to the  
Masontown Waterworks for further distribution to and use and consumption by the residents of  
Masontown and certain surrounding areas; and,

**WHEREAS**, Morgantown is willing to supply the requested water; and,

**WHEREAS**, with the improvement of certain facilities, Morgantown will be able to  
supply water to Masontown at a volume and rate sufficient to meet the stated needs of  
Masontown.

**NOW THEREFORE**, with intent to be legally bound by the provisions herein, these  
parties make the following Agreement:

1. As of September 1, 2006, or as soon as the supply connection is made, Morgantown  
shall supply to Masontown, at a point along the Morgantown water distribution system ("point of  
supply"), water in the following amounts: **NO MORE THAN** 144,000 gallons per day and **NO  
MORE THAN** 200 gallons per minute. The point of supply is depicted upon the attached map,  
labeled as Exhibit 1 and incorporated by reference into this Agreement.

2. The water delivered by Morgantown at the point of supply shall meet all relevant federal and state drinking water quality criteria. Beyond the point of supply, Masontown shall be fully and solely responsible for ensuring that the water in its distribution/supply system meets all relevant federal and state drinking water quality criteria. Masontown shall further be fully and solely responsible for all testing and reporting that is or may be required regarding the water traveling through and supplied from its distribution system.

3. In order to configure its distribution system to supply the requested flows, Morgantown must complete certain system upgrades in accordance with the engineering plans for this project, which are necessary to allow Morgantown to deliver the designated flows to the point of supply, which system upgrades Morgantown agrees to complete at an expected cost of \$638,000.00. Masontown shall pay to Morgantown the sum of \$488,000.00 as a tap fee or tariff service connection charge for the connection to Morgantown to be applied to the necessary construction costs of Morgantown. Morgantown shall be responsible for \$150,000.00 of the construction costs. The costs quoted in this paragraph are estimates only. In the likely event that the actual costs to facilitate the requested water supply are less than or greater than these estimated costs, Masontown agrees to pay the full actual costs of all of the necessary system upgrades.

4. Morgantown shall, in exchange for the tariff service connection charge to be paid by Masontown, install and maintain a water meter and meter pit at the point of supply. This meter shall accurately measure all flows delivered to Masontown at the point of supply. Morgantown will test the meter for accuracy from time to time, as required by the Rules of the Public Service Commission of West Virginia and by general good facility management practices. During test, maintenance and/or repair periods, Morgantown shall, at its expense, provide alternate means for measuring flows delivered to Masontown. Masontown shall, at all reasonable times, have access to the meter and/or the meter test results for independent, inspection and verification testing.

5. Masontown shall pay for all of the water purchased under the provisions of this Agreement in accordance with the terms and provisions of the Morgantown Utility Board Tariff as is presently in effect in accordance with a Tariff Rate Schedule approved by the PSC. Masontown shall further pay such other rates and charges as may hereafter be duly enacted by the Morgantown City Council and enrolled by the West Virginia Public Service Commission. A copy of the present Tariff Rate Schedule is attached labeled as Exhibit 2 and incorporated by reference into this Agreement.

6. Morgantown shall, as nearly as possible to the end of each calendar month, read the meter and bill Masontown for the amount of water taken at the rates described in Paragraph 5, above. Masontown shall pay the presented bill in full within twenty (20) days of the date of said bill. In the event that Masontown should default in the payment of any bill for water consumed for a period of more than thirty (30) days following the due date of that bill, Morgantown shall have the right to discontinue supplying water to Masontown without responsibility or liability to Masontown and/or any Masontown water customer(s) for any consequences, real or alleged, resulting from discontinuance of service for non-payment.

7. Morgantown shall use reasonable diligence and care to ensure an uninterrupted supply of water to Masontown; however, Morgantown shall not, for any reason, be liable to Masontown and/or its customers for any failure, interruption or shortage of water supplied to Masontown.

8. In the event that Masontown shall be confronted by an emergency situation whereby it requires more water than the volume and rate described in Paragraph 1, above, it may notify Morgantown of such need. Morgantown may, in its sole discretion, deliver these additional quantities/flows for the time and to the extent needed by Masontown; however, Morgantown shall not be required or obligated in any way to deliver such additional flows to Masontown.

9. All water purchased by and delivered to Masontown under the terms of this Agreement may be used and resold by Masontown for any reason or purpose that it deems appropriate; however, Masontown shall not resell for use any such water to any person, firm or corporation that could otherwise be a customer of Morgantown without written and specific consent by Morgantown.

10. Masontown shall indemnify and hold harmless the City of Morgantown and/or the Morgantown Utility Board from any and all liability arising from (a) the volume and/ or rate of water supplied under the terms of this Agreement; and, (b) the maintenance and/ or operation of the Morgantown water treatment plant and distribution system; and, (c) the maintenance and/or operation of the Masontown water distribution system. Masontown shall protect, defend, indemnify and hold the Morgantown City Council and the Morgantown Utility Board and the members thereof, their officers, agents, representatives and employees from and against any judgments arising by reason of the injury or death of any person or damage to or loss of any property, including all reasonable costs for investigation and defense thereof (including, but not limited to, attorney fees, court costs and expert fees), of any nature whatsoever arising out of the operation of the Morgantown water treatment plant and/or the Morgantown and/or Masontown water distribution systems, unless such injury, death, loss or damage is caused by the negligence of the Morgantown City Council, the Morgantown Utility Board and/or the members thereof, their officers, agents, representatives and employees. Masontown shall give Morgantown reasonable notice of any such claim or action. The provisions of this paragraph shall survive the expiration or earlier termination of this Agreement.

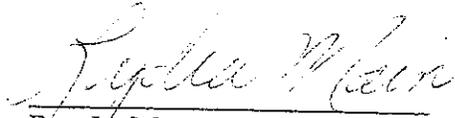
11. The term of this Agreement shall be for a period of forty-years (40) from the supply activation date described in paragraph 1, above.

12. Any previous Agreement or representation, whether written or oral, is invalid as far as it contradicts the provisions of this Agreement. This Agreement may be modified only by written modification, executed by both parties.

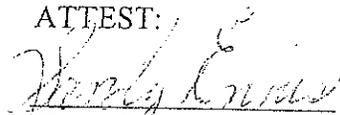
13. This Agreement, which is the full and final agreement between these parties, is subject to review by and contingent upon the approval of the West Virginia Public Service Commission in accordance with West Virginia Code §24-2-12. The parties shall cooperate in this proceeding to promote the approval of this Agreement. If the Commission disapproves any part of this Agreement, the entire Agreement shall be null and void unless the parties agree to the modification(s) made by the Commission.

AND NOW, with intent to be legally bound by the provisions herein, and by the duly authorized signatures of the representatives of these parties, the Town of Masontown and the City of Morgantown, by and through the Morgantown Utility Board, do hereby enter into this Agreement on the year and day first written above:

**TOWN OF MASONTOWN**

  
By: Its Mayor

ATTEST:

  
Town Recorder

**MORGANTOWN UTILITY BOARD**

  
By: Its Chairman

ATTEST:

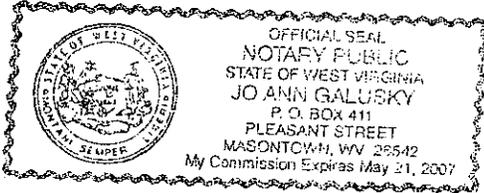
  
Secretary, Morgantown Utility Board

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, to-wit:

The foregoing instrument was acknowledged before me this 23rd day of October 2006, by Lydia Main, Mayor of the Town of Masontown.

My commission expires: May 31, 2007



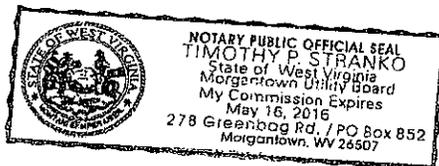
Jo Ann Galusky  
Notary Public

STATE OF WEST VIRGINIA,

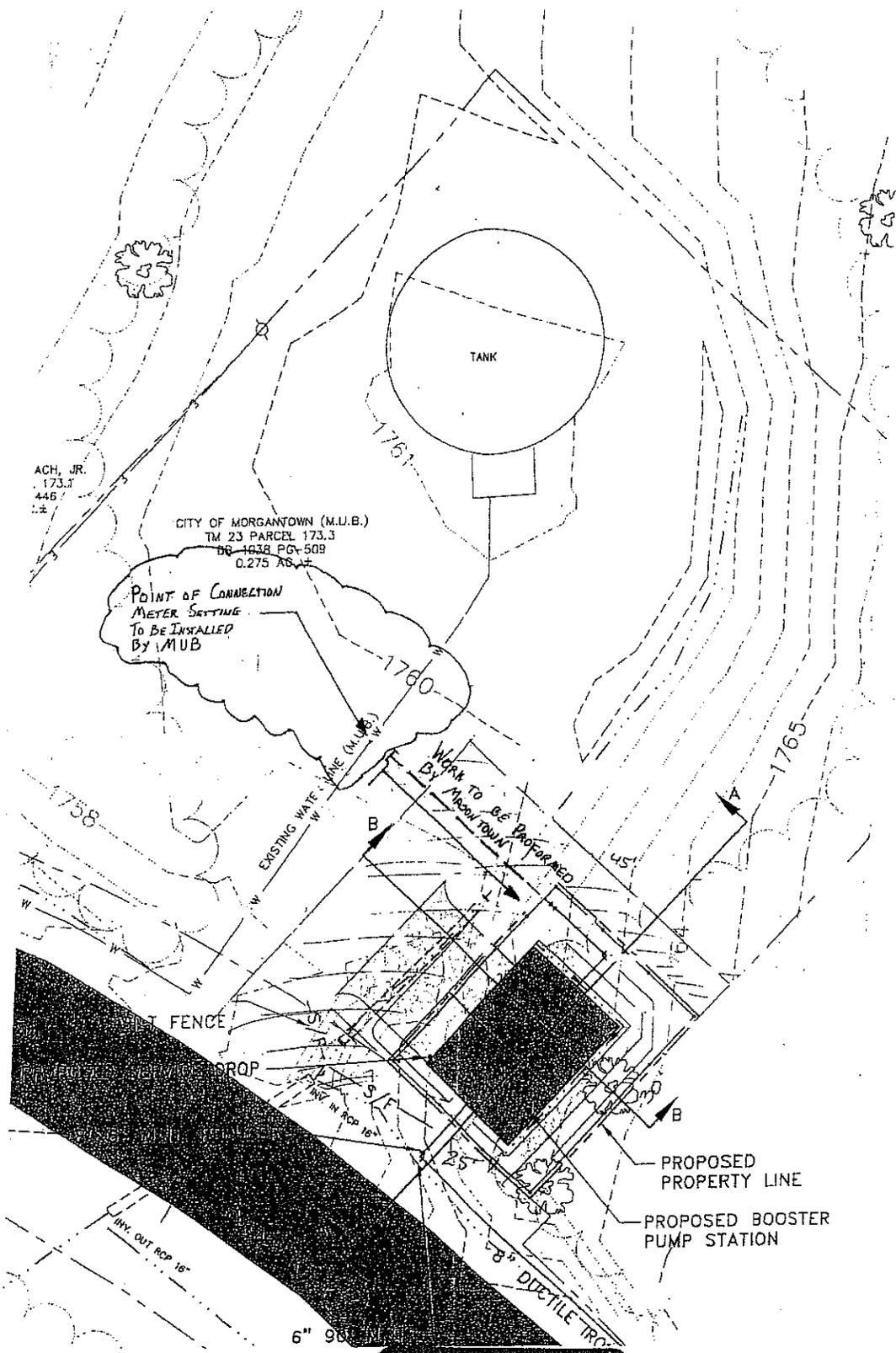
COUNTY OF MONONGALIA, to-wit:

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of October 2006, by C. Ruston Law, Chairman of the Morgantown Utility Board.

My commission expires: May 16, 2016



T. P. Stranko  
Notary Public



ACH, JR.  
173.3  
446  
2.2

CITY OF MORGANTOWN (M.U.B.)  
TM 23 PARCEL 173.3  
DC 1038 PG-509  
0.275 AS 22

POINT OF CONNECTION  
METER SETTING  
TO BE INSTALLED  
BY MUB

EXISTING WATER LINE (MUB)  
WORK TO BE PERFORMED  
BY MORGANTOWN

PROPOSED  
PROPERTY LINE  
PROPOSED BOOSTER  
PUMP STATION

tabbles'  
**EXHIBIT**  
1

DRAWING TITLE: <b>Point of Service Location</b>		PROJECT NUMBER	DRAWING NUMBER
MORGANTOWN • UTILITY • BOARD <small>278 Escalator Road, First Floor Box 803 • Morgantown, WV 26507-0803 • 304-252-3115</small>		SHT. ___ OF ___	
N BY:	DATE:		
N BY:	DATE:		
RED BY:	DATE:		
DRAWN BY:	DATE:		
1" = 20'			

RECEIVED  
UTILITIES DIVISION  
SPECIAL STUDIES SECTION

2005 OCT -5 AM 9:26

P.S.C. W. Va. No. 12  
Canceling P.S.C. W. Va. No. 11

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA

CITY OF MORGANTOWN  
MORGANTOWN UTILITY BOARD

OF

Morgantown, West Virginia

RATES, RULES AND REGULATIONS FOR FURNISHING  
WATER

at Morgantown and vicinity, Monongalia County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION  
of  
WEST VIRGINIA

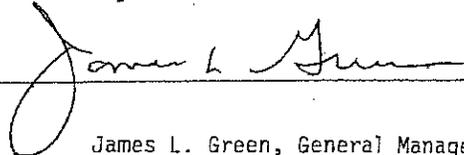
Issued September 30, 2005

Effective for bills rendered on or after September 28, 2005

Issued by authority of Orders of the  
Public Service Commission of West Virginia  
in Case No. 04-1025-W-MA dated  
September 28, 2005

Issued by MORGANTOWN UTILITY BOARD

By



James L. Green, General Manager

Title

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

SCHEDULE NO. 1

APPLICABILITY

Applicable in entire territory served (except for the former Laurel Point Public Service District service area as provided in Schedule 6 and the former Cheat Neck Public Service District service area as provided in Schedule 7 and the former Pounds Hollow Water Association service area as provided in Schedule 8)

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service

(I) RATE

Gallons Used Per month	Rate Per 1,000 Gallons
First 2,000	\$2.09
Next 58,000	\$1.54
All Over 60,000	\$1.14

(I) MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to wit:

Meter (inches)	Rate Per Month
5/8 inch or less	\$ 4.18
3/4 inch	6.30
1 inch	10.45
1 -1/2 inch	20.90
2 inch	33.45
3 inch	62.70
4 inch	104.50
6 inch	209.00
8 inch	334.40

(I) Indicates increase

SCHEDULE NO. 1 (Continued)

DELAYED PAYMENT PENALTY.

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

TAP FEE (3/4 Inch or larger)

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

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

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

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 2

APPLICABILITY

Applicable in entire territory served (except for the former Laurel Point Public Service District service area as provided in Schedule 6 and the former Cheat Neck Public Service District service area as provided in Schedule 7 and the former Pounds Hollow Water Association service area as provided in Schedule 8).

AVAILABILITY OF SERVICE.

Available for general domestic, commercial and industrial service

(I) RATE

Gallons Used Per Quarter	Rate Per 1,000 Gallons
First 6,000	\$2.09
Next 174,000	1.54
All Over 180,000	1.14

(I) MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to wit:

Meter (inches)	Rate Per Month
5/8 inch or less	\$ 12.54
3/4 inch	18.90
1 inch	31.35
1- 1/2 inch	62.70
2 inch	100.35
3 inch	188.10
4 inch	313.50
6 inch	627.00
8 inch	1,003.20

(I) Indicates increase

SCHEDULE NO. 2 (Continued)

DELAYED PAYMENT PENALTY

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

TAP FEE (3/4 Inch or larger)

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

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

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

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the service is disconnected for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 3

APPLICABILITY

Applicable in the City of Morgantown

AVAILABILITY OF SERVICE

Available for service to public fire hydrants

RATE

The City of Morgantown shall pay as a public fire charge at the rate of \$100.00 per hydrant per annum, payable in twelve equal monthly installments. This charge covers all water system facilities existing at Morgantown, West Virginia which are used in whole or in part for public fire service.

SCHEDULE NO. 4

APPLICABILITY

Applicable in the municipalities served by the Board excluding the City of Morgantown.

AVAILABILITY OF SERVICE

Available for service to public fire hydrants

RATE

Any municipality shall pay as a public fire charge at the rate of \$100.00 per hydrant per annum, payable in twelve equal monthly installments. This charge covers all water system facilities existing in any municipality which are used in whole or in part for public fire service.

SCHEDULE NO. 5

APPLICABILITY

Applicable in entire territory served (except municipalities)

AVAILABILITY OF SERVICE

Available for service to private fire protection facilities

RATE

Fire Hydrants, each	\$145.00
Sprinkler Heads, 312 or less.....	\$145.00
Sprinkler Heads, each additional .....	\$ 0.52

Hose Connections, for fire use only:

2-1/2 inch openings, each.....	\$ 84.50
2 inch openings, each.....	\$ 44.20
1-1/2 inch openings, each.....	\$ 24.25
1-1/4 inch openings, each.....	\$ 16.00
1 inch openings, each.....	\$ 10.00

MINIMUM CHARGE

One hundred forty-five dollars (\$145.00) per annum

DELAYED PAYMENT PENALTY

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

TERMS AND CONDITIONS OF SERVICE

Charges for service rendered under this schedule are billed quarterly in arrears, and bills are payable on or before the twentieth (20th) day following the date rendered.

SCHEDULE NO. 6APPLICABILITY

Applicable in entire territory heretofore designated by the Monongalia County Commission as the Laurel Point Public Service District

AVAILABILITY

Available for general domestic, commercial, and industrial service

RATE

First	2,000 gal per month or	6,000 gal per quarter	\$ 1.93	per 1,000
Next	8,000 gal per month or	24,000 gal per quarter	1.65	per 1,000
Next	20,000 gal per month or	60,000 gal per quarter	1.54	per 1,000
Next	30,000 gal per month or	90,000 gal per quarter	1.45	per 1,000
All over	60,000 gal per month or	180,000 gal per quarter	1.34	per 1,000

MINIMUM CHARGE

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

5/8 inch meter	\$ 11.58 per quarter
1 inch meter	29.64 per quarter
1 - 1/2 inch meter	66.70 per quarter
2 inch meter	118.58 per quarter
3 inch meter	266.80 per quarter
4 inch meter	474.32 per quarter
6 inch meter	1,067.21 per quarter
8 inch meter	1,897.27 per quarter

DELAYED PAYMENT PENALTY

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

SCHEDULE NO. 6 (Continued)

TAP FEE (3/4 Inch or larger)

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

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

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

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the service is disconnected for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 7APPLICABILITY

Applicable to entire territory heretofore designated by the Monongalia County Commission as the Cheat Neck Public Service District

RATE

First	2,000 gal per month or	6,000 gal per quarter	\$ 3.87 per 1,000
Next	8,000 gal per month or	24,000 gal per quarter	3.59 per 1,000
Next	20,000 gal per month or	60,000 gal per quarter	3.48 per 1,000
Next	30,000 gal per month or	90,000 gal per quarter	3.39 per 1,000
All over	60,000 gal per month or	180,000 gal per quarter	3.29 per 1,000

MINIMUM CHARGE

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

5/8 inch meter	\$ 7.74 per month or	\$ 23.22 per quarter
3/4 inch meter	11.15 per month or	33.45 per quarter
1 inch meter	19.81 per month or	59.43 per quarter
1 - 1/2 inch meter	44.58 per month or	133.74 per quarter
2 inch meter	79.26 per month or	237.78 per quarter
3 inch meter	178.33 per month or	534.99 per quarter
4 inch meter	317.03 per month or	951.09 per quarter
6 inch meter	713.32 per month or	2,139.96 per quarter

DELAYED PAYMENT PENALTY

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

SCHEDULE NO. 7 (Continued)

TAP FEE (3/4 Inch or larger)

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

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

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

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the service is disconnected for violations of rules, non- payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 8

APPLICABILITY

Applicable in entire territory heretofore designated as the Pounds Hollow Water Association

AVAILABILITY OF SERVICE

Available for water utility service

RATE

First	6,000 gallons used per month	\$3.66 per 1,000 gallons
Next	4,000 gallons used per month	\$3.30 per 1,000 gallons
Next	10,000 gallons used per month	\$3.00 per 1,000 gallons
All Over	20,000 gallons used per month	\$1.84 per 1,000 gallons

MINIMUM BILL

No bill will be rendered for less than the following amount \$21.96 bi- monthly.

DELAYED PAYMENT PENALTY

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

TAP FEE (3/4 Inch or larger)

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

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

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

SCHEDULE NO. 8 (Continued)

(N) RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the service is disconnected for violations of rules, non-payment of bills, or fraudulent use of water.

(N) LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

(N) Indicates new

**LEASE**

THIS LEASE, is made this 23<sup>d</sup> day of October, 2006, by and between the CITY OF MORGANTOWN, by and through the MORGANTOWN UTILITY BOARD, Party of the First Part, Lessor, and the TOWN OF MASON TOWN and the MASON TOWN WATER WORKS, Party of the Second Part, Lessee.

WHEREAS, the City of Morgantown, by and through the Morgantown Utility Board, a political subdivision of the State of West Virginia, holds title in fee simple to a certain tract and parcel of land, approximately 0.275 acres in size, as conveyed and described in a deed recorded by the Clerk of the County Commission of Monongalia County at Deed Book Volume 1038, page 509, and further designated as Monongalia County, Union District Tax Map 23, parcel 173.3; and,

WHEREAS, the Masontown Water Works, an entity of the City of Masontown and a political subdivision of the State of West Virginia, wishes to secure a leasehold interest in a portion of said parcel in order to facilitate the transmission of public water supply to the customers of the Masontown Water Works; and,

WHEREAS, said Party of the First Part wishes to convey a leasehold interest in said parcel to the Party of the Second Part in order to facilitate the transmission of public water supply to the customers of the Masontown Water Works.

THEREFORE, WITNESSETH: That for and in consideration of the sum of an annual rental payment of Three Hundred Dollars (\$300.00), payable on the day and date first above written, and upon the annual anniversary of that date, the Party of the First Part does hereby GRANT and CONVEY unto the Party of the Second Part an exclusive leasehold interest in a portion of the subject parcel, to wit:

Beginning at a  $3/4$ " iron rebar set, 20 feet north of the center of Monongalia County Route 75/2, which bears, South 64-degrees 42 minutes 35 seconds East, a distance of 78.88 feet from the westerly most calculated corner of the City of Morgantown, (Morgantown Utility Board's Snake Hill Tank Lot", Tax Map 23 Parcel 173.3, Deed Book 1038 Page 509);

Thence, with proposed lease lines through said City of Morgantown for two (2) lines, North 43 degrees 19 minutes 50 seconds East, a distance of 30.00 feet to a  $3/4$ " iron rebar set;

Thence, South 46 degrees 40 minutes 05 seconds East, a distance of 25.00 feet to a  $3/4$ " iron rebar set, on the easterly calculated property line of the said Snake Hill Tank Lot;

Thence, with the said calculated property line, South 43 degrees 19 minutes 50 seconds West, a distance of 30.00 feet to a  $3/4$ " iron rebar set, 20 feet north of the center of said Monongalia County Route 75/2;

Thence, with said Monongalia County Route, and 20 feet north of the center, North 46 degrees 40 minutes 05 seconds West, a distance of 25.00 feet to the Place of Beginning containing 750 sq. ft. more or less as shown upon a plat attached hereto and made a part of this description of lease.

THE PURPOSE of this lease is to facilitate the construction and operation of a water pump station upon the leased parcel. Any other use is not authorized and shall, immediately and without notice, terminate the rights and duties arising under this instrument.

UPON TERMINATION of this lease, Party of the Second Part/Lessee shall be fully responsible for the timely and complete evacuation of its equipment/fixtures, and restoration of the subject leasehold to, as near as possible, its original condition.

LESSEE COVENANTS AND AGREES to indemnify and hold harmless the City of Morgantown and its Common Council, officers, agents and employees, and the Morgantown Utility Board and its officers, agents and employees, from any and all liability arising from the occupation of the leasehold and activities thereon of the Lessee, and to protect, defend, indemnify and hold these entities and persons completely harmless from and against any judgments arising from injury or death of any person or damage to or loss of any property, including all reasonable costs for investigation and defense thereof (including, but not limited to, attorneys fees, court costs and expert fees) of any nature whatsoever arising out of the activities of Lessee, unless such injury, loss or damage is caused by the negligence of the Lessor and/or its officers, agents and employees. Lessee shall give Lessor reasonable notice of such claim or action. The provisions of this paragraph shall survive the expiration or earlier termination of this Agreement.

THE TERM of this lease is forty (40) years from the date first above written. These Parties may mutually agree to extend said term by mutual written agreement.

THIS INSTRUMENT, including the plat attached hereto, is the full and final agreement between these parties. Any prior inconsistent statements, whether written or oral, are invalid. Any subsequent modification is effective only if made in writing and signed by both parties.

NOTICE to either party shall be deemed effective if sent by First Class U. S. Mail to the office of record of the respective party.

THIS AGREEMENT IS BINDING upon the successors to the parties hereto.

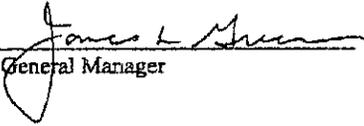
#### DECLARATION OF CONSIDERATION OR VALUE

The undersigned hereby declare:

That the conveyance made in the document to which this declaration is appended is exempt from taxation under the provisions of Chapter 11, Article 22, of the Code of West Virginia, for the reason that it is a conveyance made to a political subdivision of the State of West Virginia.

IN WITNESS WHEREOF, the said Lessor and Lessee have caused their names to be hereunto subscribed by their respective agents/representatives, by authority duly given.

**MORGANTOWN UTILITY BOARD**

By:   
General Manager

**MASONTOWN WATER WORKS**

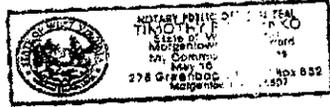
By:   
Chairman

**TOWN OF MASONTOWN**

By:   
Mayor

STATE OF WEST VIRGINIA,  
COUNTY OF MONONGALIA, to wit:

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of Oct, 2006, by James L. Green, General Manager of the Morgantown Utility Board, duly authorized to act for and on behalf of the City of Morgantown, a municipal corporation.

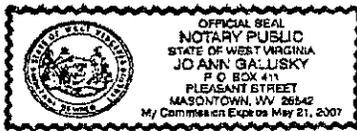


*Timothy Ford*

Notary Public in and for the State of West Virginia

STATE OF WEST VIRGINIA,  
COUNTY OF PRESTON, to wit:

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of October, 2006, by Roger Street, Chairman of Masontown Water Works, and Lydia Main, Mayor of Town of Masontown, duly authorized to act for and on behalf of the ~~City of Morgantown~~, a municipal town of Masontown corporation.



*Jo Ann Gallusky*  
Notary Public in and for the State of West Virginia

*My Commission Expires:  
May 21, 2007*

This instrument prepared by:

Morgantown Utility board  
278 Greenbag Road  
P. O. Box 852  
Morgantown, WV 26507

and

Sheila Kae Williams  
Attorney for Town of Masontown and Masontown Water Works  
202 Tunnelton Street  
Garden Towers, Suite 314  
Kingwood, WV 26537



# ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID CM  
MASON-1

DATE (MM/DD/YYYY)  
03/09/07

<b>PRODUCER</b>  Commercial Insurance Services 340 MacCorkle Ave. Ste #200 Charleston WV 25314 Phone: 304-345-8000 Fax: 304-345-8014	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	<b>INSURERS AFFORDING COVERAGE</b>	<b>NAIC #</b>
<b>INSURED</b>  Town of Masontown & Masontown Waterworks P. O. Box 340 Masontown WV 26542	INSURER A: Axis Specialty Insurance Co.	15610
	INSURER B: Redland Insurance Company	
	INSURER C:	
	INSURER D:	
	INSURER E:	

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
B		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	APR 12-000148-06	10/01/06	10/01/07	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 500,000
						MED EXP (Any one person)	\$ 5,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP AGG	\$ 2,000,000
						Emp Ben.	1,000,000
B		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	APR 11-000148-06	10/01/06	10/01/07	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY EA ACC	\$
						AGG	\$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	APR 12-000148-06	10/01/06	10/01/07	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
						E.L. EACH ACCIDENT	\$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
A		Property Section	APX-33-30264-01	10/01/06	10/01/07	Building	251,141
						Contents	230,847

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS  
 Certificate Holder is named as loss payee as respects Filtration Plant, Maple Ave., Masontown, WV subject to \$1,000 Deductible.

## CERTIFICATE HOLDER

## CANCELLATION

WVWDCHA  WV Water Development Authority 180 Association Drive Charleston WV 25311	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.  AUTHORIZED REPRESENTATIVE 
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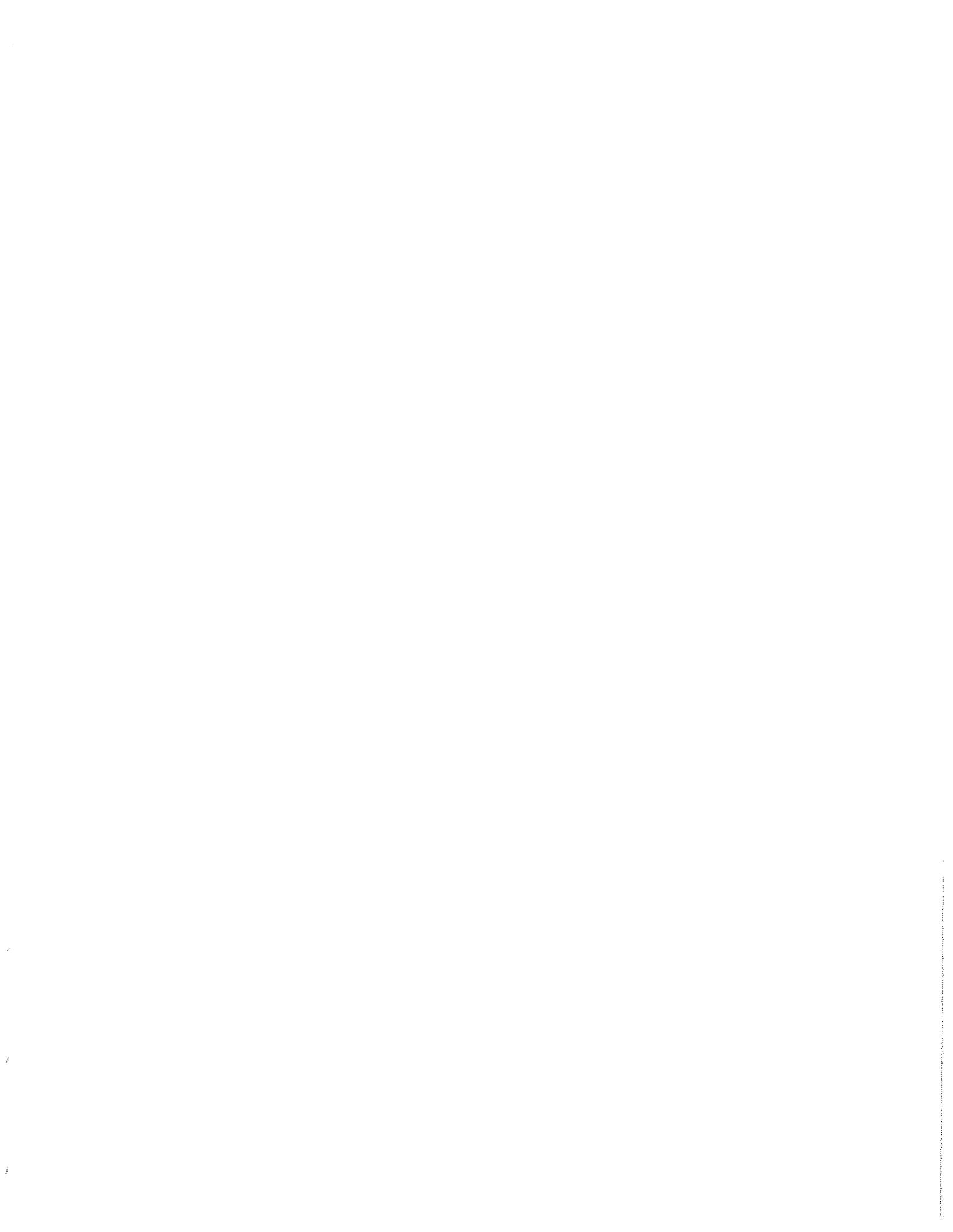
## **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## **DISCLAIMER**

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



TOWN OF MASONTOWN

Water Revenue Bond, Series 1979

BOND ORDINANCE

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TOWN OF MASONTOWN

ORDINANCE AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN WATER FACILITIES OF THE TOWN OF MASONTOWN, PRESTON COUNTY, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$225,000 IN PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 1979; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH WATER REVENUE BONDS, SERIES 1979

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 is adopted pursuant to the provisions of Article 19, Chapter 8 of the West Virginia Code (the "Act") and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Town of Masontown (the "Issuer"), in the County of Preston, State of West Virginia, is now served by a public waterworks system (the "System"), but such System is not adequate. The inhabitants of the Issuer and surrounding area served by the System urgently require that the System be improved as herein provided.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed additions, extensions and improvements to the existing waterworks system of the Issuer consisting of the installation of a new pump station, a water collection and treatment plant, and repairs to a dam, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of \$225,000 to finance a portion of the cost of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$457,000 of which \$225,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$120,000 from a grant by Economic Development Administration and \$112,000 from a grant by Appalachian Regional Commission.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

(G) There are outstanding obligations of the Issuer which will rank senior and prior to the Bond as to lien and source of and security for payment, being the Waterworks Revenue Bonds of the Issuer, dated March 1, 1956 (the "1956 Bonds"), issued in the original principal amount of \$70,000 of which \$47,000 principal amount of such 1956 Bonds remains outstanding and are presumed to be held by various members of the public.

(H) The Government is expected by the Issuer to purchase the entire principal amount of the Bond.

(I) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The rates, charges and rules provided in Article V hereof shall be in full force and effect except as changed by said Public Service Commission, in case of appeal and the time for appeal as to such order shall have expired without appeal being taken therefrom.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 19, Chapter 8 of the West Virginia Code.

"Bond" means the \$225,000 Water Revenue Bond, Series 1979, authorized hereby to be issued pursuant to this Ordinance.

"Bonds" means collectively, the Bond and the 1956 Bonds.

"1956 Bonds" means the Waterworks Revenue Bonds of the Issuer, dated March 1, 1956, issued in the original principal amount of \$70,000.

"Bond Legislation" means this Ordinance and all ordinances and resolutions supplemental hereto.

"Consulting Engineer" means Cerrone & Vaughn, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Town Council of the Issuer.

"Government" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond.

"Issuer" means the Town of Masontown, in Preston County, West Virginia, and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Recorder" means the Recorder of the Issuer.

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

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

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.05. Compliance with Requirements of 1956 Ordinance. The issuance of the Bond junior and subordinate to the 1956 Bonds is permitted without further restriction under the terms of the Ordinance adopted by the Issuer on March 15, 1956, authorizing issuance of the 1956 Bonds.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Ordinance, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1979," is hereby authorized to be issued in the aggregate principal amount of not exceeding Two Hundred Twenty-Five Thousand Dollars (\$225,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Mayor and its corporate seal shall be affixed thereto and attested by the Recorder.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, but said liens are junior and subordinate to the liens and pledges, and in all other respects of the 1956 Bonds. The revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond after payment of the 1956 Bonds outstanding are hereby irrevocably pledged to the payment of installments of the principal and interest on the Bond as the same become due as herein provided.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1979

TOWN OF MASONTOWN

\$225,000

No. 1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, the TOWN OF MASONTOWN (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Twenty-Five Thousand Dollars (\$225,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$1,105, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act"), and with an Ordinance of the Borrower duly enacted.

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

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

This Bond is junior and subordinate as to liens and pledges and in all respects to the 1956 Bonds described in the said Ordinance.

TOWN OF MASONTOWN  
(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Mayor  
(Title of Executive Official)

\_\_\_\_\_  
(Post Office Box No. or Street Address)

Masontown, West Virginia 26542  
(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Recorder  
(Title of Attesting Official)

RECORD OF ADVANCES

<u>AMOUNT.</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ _____

ASSIGNMENT

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_

\_\_\_\_\_  
(Title)

ARTICLE III

BOND PROCEEDS; REVENUES  
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond, shall be deposited on receipt by the Issuer in Albright National Bank of Kingwood, Kingwood, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Town of Masontown Project Construction Account" (herein called "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Government on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

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

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the 1979 Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established initially with the Bank named in Section 3.01.

The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and in the 1956 Ordinance and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein. The holder of the Bond shall have a lien on and a pledge, hereby granted, of all the gross revenues of the System and a statutory mortgage lien granted by the Act, so long as the Bond remains unpaid; the 1956 Bonds have first and senior priority thereon and the Bond has second, junior and subordinate parity.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month transfer from the Revenue Fund to the "Waterworks Revenue Bonds and Interest Sinking Fund" established by the 1956 Ordinance (the "1956 Sinking Fund"), a sum sufficient to pay the interest on and principal of the 1956 Bonds outstanding under the conditions and restrictions set forth in the 1956 Ordinance.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund to the "Depreciation Account" established by the 1956 Ordinance (the "1956 Depreciation Account"), an amount equivalent to at least  $1/12$  of  $1/20$  of the gross revenues of the System, in accordance with the conditions and restrictions set forth in the 1956 Ordinance.

(4) The Issuer shall next by the fifteenth day of each month, transfer from the Revenue Fund to the "Operation and Maintenance Account" established by the 1956 Ordinance (the "1956 Operation and Maintenance Account"), a sufficient portion of the balance of said gross revenues to pay the reasonable and proper costs of operating, maintaining and repairing the System, all in accordance with the 1956 Ordinance.

(5) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the 1979 Reserve Fund hereby initially established with said Bank,  $1/12$  of  $1/10$  of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of \$13,260, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the 1979 Reserve Fund, the Issuer shall monthly deposit into the 1979 Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the 1956 Bonds and the Bond, the Depreciation Account and the Operation and Maintenance Account, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(6) 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 Bond or for any lawful purpose.

Whenever the moneys in the 1979 Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the 1979 Reserve Fund and the Depreciation Account as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, which lien shall be junior and subordinate to the lien of the holder of the 1956 Bonds, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Account invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the 1979 Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, provide evidence that the System now serves 560 bona fide full time users.

## ARTICLE IV

### GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the 1979 Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than the amounts required by the 1956 Ordinance, and in any event not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the 1979 Reserve Fund and the Depreciation Account and into the funds and accounts herein and in the 1956 Ordinance provided, and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the Recorder, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment due on the Bond at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.07. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.08. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.09. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.10. Books and Records. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 4.11. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.12. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.13. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V  
RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges;  
Rules. A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions hereof:

APPLICABLE TO CUSTOMERS WITHIN THE CORPORATE LIMITS OF MASONTOWN:

Availability of Service

Available for general, commercial and industrial water service.

RATES

First	2,000 gallons used per month	\$3.00 per 1,000 gallons
Next	5,000 gallons used per month	1.60 per 1,000 gallons
Next	8,000 gallons used per month	1.30 per 1,000 gallons
Next	10,000 gallons used per month	1.15 per 1,000 gallons
Next	25,000 gallons used per month	1.00 per 1,000 gallons

MINIMUM CHARGE

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

5/8" x 3/4" Meter	\$ 6.00 per month
1" Meter	15.00 per month
1-1/2" Meter	33.55 per month
2" Meter	59.45 per month
3" Meter	133.90 per month
4" Meter	238.00 per month

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. This delayed payment penalty is not interest and shall only be charged once for each bill where applicable.

TAP FEE

A charge of \$150.00 shall be made to cover the expense of tapping a new service line onto the water main, and will include material and labor to extend the service line to the property or right-of-way line.

MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum charge herein established for a 5/8" meter. Motels and hotels shall pay according to the size of meter installed.

TRAILER COURTS

When house trailer courts are provided with a master meter, no bill shall be rendered for less than Five Dollars and Twenty-five cents (\$5.25) per month multiplied by the number of units situated on the court site at the time the meter was read, or the actual charge for the size meter installed, whichever is the greater. House trailer (as used herein) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a part or court shall be billed in the same manner as any other family or business unit.

RECONNECTION CHARGE

After disconnection, a fee of \$10 shall be charged for reconnection of service.

APPLICABLE TO CUSTOMERS OUTSIDE THE CORPORATE LIMITS OF MASONTOWN:

AVAILABILITY OF SERVICE

Available for general, commercial and industrial water service.

RATES

First	2,000 gallons used per month	\$3.75 per 1,000 gallons
Next	5,000 gallons used per month	2.00 per 1,000 gallons
Next	8,000 gallons used per month	1.63 per 1,000 gallons
Next	10,000 gallons used per month	1.44 per 1,000 gallons
All Over	25,000 gallons used per month	1.25 per 1,000 gallons

MINIMUM CHARGE

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

5/8" x 3/4" Meter	\$ 7.50 per month
1" Meter	18.75 per month
1-1/2" Meter	41.94 per month
2" Meter	74.31 per month
3" Meter	167.38 per month
4" Meter	297.50 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid within twenty (20) days after billing date, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and shall only be charged once for each bill where applicable.

#### TAP FEE

A charge of \$250.00 shall be made to cover the expense of tapping a new service line onto the water main and will include material and labor to extend the service line to the property or right-of-way line.

#### MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum charge herein established for a 5/8" meter. Motels and hotels shall pay according to the size of meter installed.

#### TRAILER COURTS

When house trailer courts are provided with a master meter, no bill shall be rendered for less than Six Dollars and Fifty-six cents (\$6.56) per month multiplied by the number of units situated on the court site at the time the meter was read, or the actual charge for the size meter installed, whichever is the greater. House trailer (as used herein) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court shall be billed in the same manner as any other family or business unit.

#### RECONNECTION CHARGE

After disconnection, a fee of \$10.00 shall be charged for reconnection of service.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

D. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

E. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

F. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of the water meter.

G. The Issuer shall not be liable to any customer for any damage resulting from bursting or breakage of any pipe, line, main, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatever.

H. In case of emergency, the Issuer shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the Issuer.

I. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the Issuer shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but not less than 110% of the average annual debt service on all Bonds outstanding.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. No material modification or amendment of this Bond Legislation, or of any Bond Legislation amendatory hereof or supplemental hereto, may be made without the consent in writing of the Purchaser.

Section 6.02. Delivery of Bond No. 1. The Mayor is hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 6.07. Statutory Notice and Public Hearing. Upon adoption hereof, this Bond Legislation shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the Preston County Journal, a newspaper published and of general circulation in the County of Preston, no newspaper being published in the Town of Masontown, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Common Council upon a date certain, not less than ten days subsequent to the date of the second publication of the said Bond Legislation and notice, and present

protests. At such hearing, all objections and suggestions shall be heard and the Common Council shall take such action as it shall deem proper in the premises.

Passed on First Reading  
Passed on Second Reading  
Effective on Third  
and Final Reading

NOV. 14, 1979  
NOV. 28, 1979  
December 12, 1979

Lydia Main  
Mayor

Mary Lee Ramsey  
Recorder

TOWN OF MASONTOWN

Water Revenue Bond, Series 1988

BOND ORDINANCE

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02/08/89  
MSNTN2-B

TOWN OF MASONTOWN

ORDINANCE AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS 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 \$650,000 IN PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 1988, ON A PARITY WITH THE OUTSTANDING 1979 BONDS OF THE TOWN; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

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 is adopted and enacted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act") and other applicable provisions of law. The Town of Masontown is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Town of Masontown (the "Issuer"), in the County of Preston, State of West Virginia, is now served by a public waterworks system, but such system is not adequate. The inhabitants of the Issuer and surrounding area served by the system urgently require that the system be improved as herein provided.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed additions, extensions and improvements to the existing waterworks system of the Issuer consisting of the replacement and/or upgrading of the System (as

hereinafter defined) in Masontown and the community of Bretz and the extension of the System along Rohr Road, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$650,000 to finance a portion of the cost of the Project in the manner hereinafter provided.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,611,000 of which \$650,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$430,000 will be obtained from a grant from the Government (hereinafter defined) and \$531,000 will be obtained from a grant from the Small Cities Block Grant program of the Governor's Office of Community and Industrial Development.

E. The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction or acquisition of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for 6 months after estimated completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby.

F. The period of usefulness of the System after completion of the Project is not less than 50 years.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Bond as to liens, pledges and source of and security for payment, being the Water Revenue Bonds, Series 1979, of the Issuer dated September 25, 1980 (the "1979 Bonds"), issued in the original principal amount of \$225,000, of which \$211,898.64 remains outstanding. The 1979 Bonds are held by the Purchaser. The Issuer is not in default under the terms of the 1979 Ordinance (herein defined) authorizing the issuance of the 1979 Bonds and has complied with all requirements thereof or obtained a sufficient and valid waiver thereof. There are no other

obligations outstanding which are secured by any revenues and/or assets of the System.

H. The Government is expected by the Issuer to purchase the entire principal amount of the Bond.

I. The Issuer has complied with all requirements of law relating to authorization of the acquisition and construction of the Project, the operation of the System and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The rates, charges and rules provided in Article V hereof are in full force and effect and have not been changed by said Public Service Commission.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and System, and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year in which the Bond is to be issued.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 19, Chapter 8 of the West Virginia Code.

"Bond" means the \$650,000 Water Revenue Bond, Series 1988, authorized hereby to be issued pursuant to this Ordinance.

"Bonds" means, collectively, the Bond and the 1979 Bonds.

"1979 Bonds" means the Water Revenue Bonds, Series 1979, of the Issuer, dated September 25, 1980, issued in the original principal amount of \$225,000.

"Bond Legislation" means this Ordinance and all ordinances and resolutions supplemental hereto.

"Closing Date" means the date upon which there is an exchange of the Bond for the proceeds representing the purchase of the Bond by the Purchaser, as the first purchaser of the Bond from the Issuer.

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

"Consulting Engineer" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bond during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Town Council of the Issuer.

"Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bond, excluding original proceeds

which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bond;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bond;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are deemed to become proceeds of the Bond ratably as original proceeds of the Bond, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, discharge the outstanding principal of such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Bond, which are held in any fund to the extent that the Issuer reasonably expects to use such fund to pay Debt Service on the Bond;

(v) Amounts in the Reserve Fund and in any other fund established as a reasonably required reserve or replacement fund, with respect to the Bond;

(vi) Investment Property pledged as security for payment of Debt Service on the Bond by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bond; and

(viii) Amounts received as a result of investing amounts described in this definition.

"Herein" or "herein" means in this Bond Legislation.

"Holder of the Bond," "Bondholder" or any similar term means any person who shall be the registered owner of the Bond.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means the Town of Masontown, in Preston County, West Virginia, and includes the Governing Body.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds," when used with reference to the Bond, means the face amount of the Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Fund. 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 Bond, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bond and is not acquired in order to carry out the governmental purpose of the Bond.

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

retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the Reserve Fund have been made to the last monthly payment date prior to the date of such retention.

"Ordinances" means, collectively, the 1979 Ordinance and the Bond Legislation.

"1979 Ordinance" means the ordinance of the Issuer enacted December 12, 1979, pursuant to which the 1979 Bonds were issued.

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

"Project" shall have the meaning stated in Section 1.02B above.

"Purchase Price," for the purpose of computation of the Yield of the Bond, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Bond to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bond of each maturity is sold or, if the Bond is privately placed, the price paid by the first buyer of the Bond or the acquisition cost of the first buyer.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Recorder" means the Recorder of the Issuer.

"Registrar" means the Issuer, which shall usually so act by its Recorder.

"Regulations" means temporary and permanent regulations promulgated under the Code.

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

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance.

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest on the Bond, produces an amount equal to the Purchase Price of the Bond, all computed as prescribed in applicable Regulations.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.05. Compliance with Requirements of 1979 Ordinance. The issuance of the Bond on a parity with the 1979 Bonds is permitted under the terms of the 1979 Ordinance and the Issuer has complied with or obtained a sufficient and valid waiver of the requirements of the 1979 Ordinance insofar as relate to the issuance of the Bond.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1988," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$650,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery. The Bond shall bear interest from date, payable monthly at a rate of interest equal to 5% per annum or such lesser rate as may be set forth in a Supplemental Resolution and/or the Bond upon delivery and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in a Supplemental Resolution and/or the Bond upon delivery.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to the principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Legislation.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any

other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Registrar will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of 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.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Mayor and its corporate seal shall be affixed thereto and attested by the Recorder.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his, her or its ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien on the Net Revenues derived from the System in

addition to the statutory mortgage lien on the System hereinafter provided for, on a parity with the liens and pledges, and in all other respects, with the 1979 Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds are hereby irrevocably pledged to the payment of installments of the principal and interest on the Bonds as the same become due as herein provided.

Section 2.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any ordinance or resolution adopted after the date of adoption hereof and prior to the issuance thereof, including without limitation a Supplemental Resolution:

(Form of Bond)

WATER REVENUE BOND, SERIES 1988

TOWN OF MASONTOWN

\$650,000

No. R-1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, the TOWN OF MASONTOWN (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (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 SIX HUNDRED FIFTY THOUSAND DOLLARS (\$650,000), plus interest on the unpaid principal balance at the rate of \_\_\_\_\_% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the 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 Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments

last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond

does not in any manner constitute an indebtedness of the Borrower within 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 the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Ordinance, herein defined, 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 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, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act"), and with an Ordinance of the Borrower duly adopted and enacted authorizing issuance of this Bond (as supplemented, 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 Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity with respect to liens, pledges and source of and security for payment, and in all respects with the 1979 Bonds defined and described in the said Ordinance.

TOWN OF MASONTOWN

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor

(Title of Executive Official)

Town Hall

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

Masontown, West Virginia 26542

(Town, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Recorder

(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 82,000.	2-14-89	(6) \$ 111,400.	8-10-89
(2) \$ 4,300.	3-23-89	(7) \$ 150,000.	9-1-89
(3) \$ 10,000.	5-11-89	(8) \$	
(4) \$ 221,900.	6-22-89	(9) \$	
(5) \$ 70,400.	7-11-89	(10) \$	
TOTAL		\$ 650,000.	

(Form of)

ASSIGNMENT

Identifying Number of Assignee \_\_\_\_\_

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_

\_\_\_\_\_  
(Title)

### ARTICLE III

#### BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond, shall be deposited on receipt by the Issuer in Albright National Bank of Kingwood, Kingwood, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special and separate account hereby created and designated as "Town of Masontown Project Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Amounts in the Project Construction Account shall be disbursed for costs and expenses of the Project upon filing in the official records pertaining to such account of a certificate of the Issuer describing such disbursement, setting forth the portion, if any, of the Net Proceeds of the Bond to be used for a Private Business Use or to make or finance a loan (other than a loan constituting a Nonpurpose Investment) to other than a state or local governmental unit and certifying that there has been compliance with the provisions of Section 4.15 hereof relating to the Private Business Use limitation and the private loan limitation. Amounts, if any, remaining in the Project Construction Account shall, upon receipt from the Issuer of a certificate certifying that no further amounts are required to be disbursed for costs and expenses of the Project, be invested at a Yield not in excess of the Yield of the Bond and shall be transferred and used for redemption of the Bond on the interest payment date next succeeding and the Project Construction Account shall be closed.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Project Construction Account 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 Bond if there are not sufficient Net Revenues to make such monthly payment.

Subject to Section 4.14 hereof, if the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such

excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Government Obligations"), which shall mature not later than 18 months after the date of such investment.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund established by the 1979 Ordinance and continued hereby, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holders of the Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which fund, known as the "Revenue Fund" was established by the 1979 Ordinance and is continued hereby. The Revenue Fund is now on deposit with the Albright National Bank of Kingwood, Kingwood, West Virginia. The Revenue Fund shall constitute a trust fund for the purposes provided in the Ordinances and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided in the Ordinances. The holder of the Bond shall have a lien on and a pledge, hereby granted, of all the gross revenues of the System and a statutory mortgage lien granted by the Act, so long as the Bond remains unpaid, on a parity in all respects with the holders of the 1979 Bonds.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month, on or before the due date, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond and the 1979 Bonds, or otherwise, the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective life of each Bond issue.

(2) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit with the Albright National Bank of Kingwood in the Reserve Fund established by the 1979 Ordinance and continued hereby, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Reserve Fund equals, as of the date of calculation,

the maximum amount of principal and interest which will become due on the respective Bonds in any year, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated and is maintained in the Reserve Fund, all earnings on moneys in the Reserve Fund shall be at least annually in January transferred to and deposited in the Revenue Fund and used for the immediate ratable prepayment of the Bonds.

(3) The Issuer shall next, each month, pay from the moneys remaining in the Revenue Fund all current Operating Expenses.

(4) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit in the Depreciation Account continued by the 1979 Ordinance and hereby with the Albright National Bank of Kingwood (the "Depreciation Reserve") the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$32,500 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) 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 or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds or the allocable share thereof at the earliest practical date and in accordance with applicable provisions hereof.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to Section 4.14 hereof, the Albright National Bank of Kingwood, as Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable and in accordance with applicable law in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding 2 years and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of the cost or the then current market value, or at the redemption price thereof if redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund.

C. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that the System will serve 635 bona

vide full time users when it is ready to be placed in operation, in full compliance with the requirements and conditions of the Purchaser.

## ARTICLE IV

### GENERAL COVENANTS, ETC.

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of

the System in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

C. VEHICULAR PUBLIC LIABILITY INSURANCE, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

D. WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF THE DISTRICT ELIGIBLE THEREFOR AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' Compensation coverage will be maintained as provided by law.

E. FIDELITY BONDS will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the Recorder, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

F. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the 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 and shall be for the equal benefit of the holders of the Bonds.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Failure to make payment of any monthly amortization installment due on the Bond at the date specified for payment thereof;

B. Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser as provided in the Act, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer and Purchaser, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct and as provided in the Act.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.10. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of enactment hereof, subject to permitted changes.

Section 4.11. Books and Records; Audits. The Issuer will keep books, accounts and records of the System, in accordance with the Act, 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, including without limitation the amount of Revenues received from the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, which report of such audit shall be open to the public for inspection at all reasonable times, and the Issuer shall mail a copy of such audit report to the Purchaser.

Section 4.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and repair and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.13. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.14. Arbitrage and Rebate. A. The Issuer shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bond which would cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and Regulations promulgated thereunder.

B. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bond is not a private activity bond as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bond are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year in which the Bond is issued will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations promulgated thereunder. For purposes of this Section 4.14B and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 4.14B and Section 148(f)(4)(C) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

C. Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, the Issuer covenants to make all rebate calculations and payments in

the time, manner and as required in Section 148(f) of the Code and covenants to otherwise comply with the provisions thereof. In the event of a failure to pay any such amount, the Issuer will pay to the United States a penalty in an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived.

Section 4.15. 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 Bond is 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 Bond during the term thereof is, under the terms of the Bond 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 Bond 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 Bond during the term thereof is, under the terms of the Bond 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 Bond 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 Bond is 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 Use is related. All 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 Bond 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 Bond to be "federally

guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the exclusion from gross income of interest on the Bond for federal income tax purposes, including without limitation, the information return required under Section 149(e) of the Code.

E. ADDITIONAL ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Bond 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 the result of which would adversely affect such exclusion.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the rate ordinance of the Town of Masontown finally enacted on May 26, 1988.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

D. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

E. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises. The Issuer shall additionally have such powers as provided under the Act with respect to collection of rates and charges for the System.

F. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of the water meter.

G. The Issuer shall not be liable to any customer for any damage resulting from bursting or breakage of any pipe, line, main, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatever.

H. In case of emergency, the Issuer shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the Issuer.

## ARTICLE VI

### MISCELLANEOUS

Section 6.01. Modification or Amendment. No modification or amendment of this Bond Legislation, or of any Bond Legislation amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser, except that no consent from the Purchaser shall be required to make such additions, deletions or modifications as may be necessary to assure the exemption from federal income taxation of interest on the Bond.

Section 6.02. Delivery of Bond No. R-1. The Mayor is hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. 1979 Ordinance; Conflicting Provisions Repealed. The 1979 Ordinance and all parts thereof not expressly changed hereby or heretofore changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the 1979 Ordinance.

All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

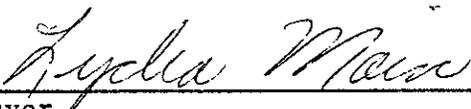
Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

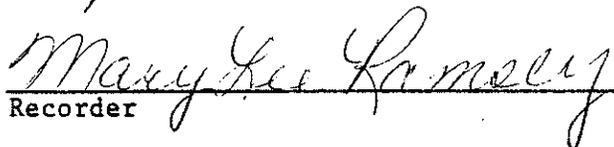
Section 6.06. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 6.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, 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 14 consecutive days, with at least 6 full days intervening between each publication, in The Preston County Journal, a newspaper published and of general circulation in the County of Preston, no qualified newspaper being published in the Town of Masontown, together with a notice stating that this Bond Legislation has been adopted, that the Issuer contemplates the issuance of the Bond, that any person interested may appear before the Governing Body upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice and not prior to the last date of such publication, and present protests, and that a certified copy of the Bond Legislation is on file with the Governing Body for review by interested persons during the office hours of the Governing Body.

At such hearing, all protests 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	May 12, 1988
Passed on Second Reading	May 26, 1988
Passed on Final Reading	
Following Public Hearing	
and Effective	June 9, 1988

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

02/08/89  
MSNTN2-A

TOWN OF MASONTOWN

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE INTEREST RATE AND PAYMENT SCHEDULE OF THE WATER REVENUE BOND, SERIES 1988, OF THE TOWN OF MASONTOWN; AND MAKING OTHER PROVISIONS AS TO THE BOND

WHEREAS, the council (the "Governing Body") of the TOWN OF MASONTOWN (the "Issuer"), has duly and officially enacted an ordinance effective June 9, 1988 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS 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 \$650,000 IN PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 1988, ON A PARITY WITH THE OUTSTANDING 1979 BONDS OF THE TOWN; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bond, Series 1988, of the Issuer (the "Bond"), in an aggregate principal amount of not to exceed \$650,000, all in accordance with West Virginia Code, Chapter 8, Article 19 (the "Act"); and in the Bond Ordinance, it is provided that the interest rate on the Bond would be 5% per annum or such lesser rate as set forth in a supplemental resolution and/or the Bond upon delivery and the interest and principal payment amounts would be as set forth in a supplemental resolution and/or the Bond upon delivery;

WHEREAS, the Bond is proposed to be purchased by the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), and the Purchaser has provided that the interest rate on the Bond will be 5% per annum and the amortized monthly payments of principal and interest on the Bond will be \$3,192;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the interest rate and the interest and principal payment amounts of the Bond be fixed in the manner stated herein, and that other matters relating to the Bond be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted. The Bond shall bear interest at the rate of 5% per annum, and amortized monthly payments of principal and interest on the Bond shall be in the amount of \$3,192.

Section 2. The provisions relating to the Bond shall otherwise be, and the Bond shall otherwise be in the form, as provided in the Bond Ordinance; provided, however, that the Bond shall be junior and subordinate, in all respects, to the Issuer's Waterworks Revenue Bonds dated March 1, 1956 (the "1956 Bonds"), issued in the original aggregate principal amount of \$70,000 until the 1956 Bonds are redeemed or paid in accordance with the terms thereof and the ordinance authorizing issuance of the 1956 Bonds.

Section 3. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, instruments, agreements and certificates required or desirable in connection with the Bond hereby and by the Bond Ordinance approved and provided for, to the end that the Bond may be delivered on or about February 14, 1989, to the Purchaser.

Section 4. It is acknowledged and agreed that the term "Investment Property," as defined in the Bond Ordinance, shall include specified private activity bonds as defined in Section 57(a)(5)(C) of the Internal Revenue Code of 1986, as amended, notwithstanding anything in the Bond Ordinance to the contrary.

Section 5. To the extent applicable, the Bond Ordinance shall be read together with the ordinance of the Issuer enacted March 15, 1956, authorizing issuance of the 1956 Bonds.

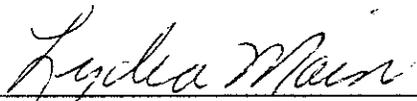
Section 6. The financing of the Project in part by the Bond is in the public interest, serves a public purpose of the Issuer

and will promote the health, welfare and safety of the residents of the Issuer.

Section 7. This Supplemental Resolution shall be effective immediately.

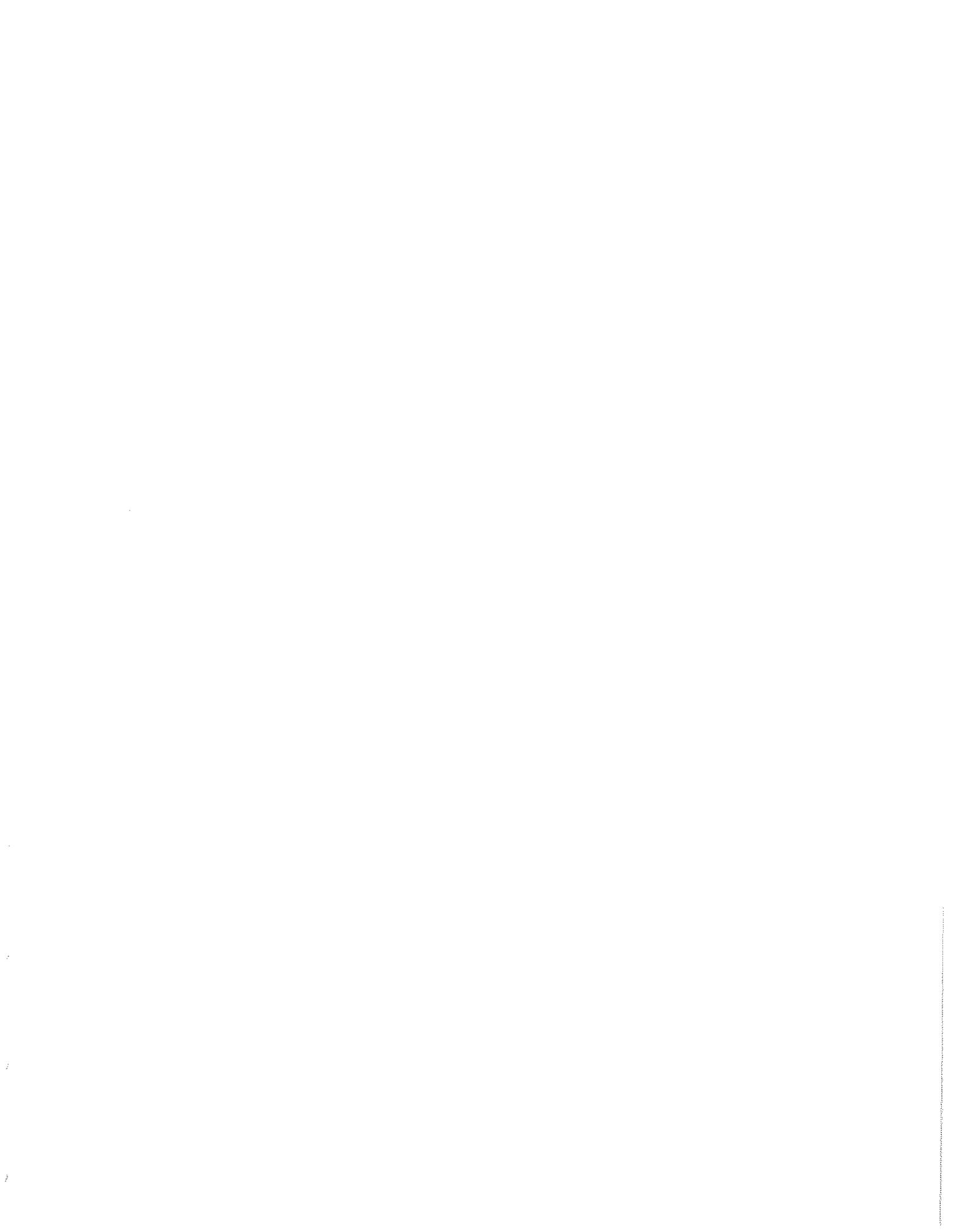
Adopted this 9th day of February, 1989.

TOWN OF MASONTOWN

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

02/10/89  
MASONTOW.04  
56189/87001





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

March 12, 2007

Town of Masontown  
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2007 B  
(West Virginia DWTRF Program)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amounts of the Series 1979 Bond and the Series 1988 Bond, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of not to exceed \$1,000,000 and the Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), in the original aggregate principal amount of not more than \$700,000 by Town of Masontown (the "Issuer"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bond, Series 1979, dated September 25, 1980, and Water Revenue Bond, Series 1988, dated February 14, 1989 (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (collectively, the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolution by the Resolution or the Supplemental Resolution authorizing the Bonds.

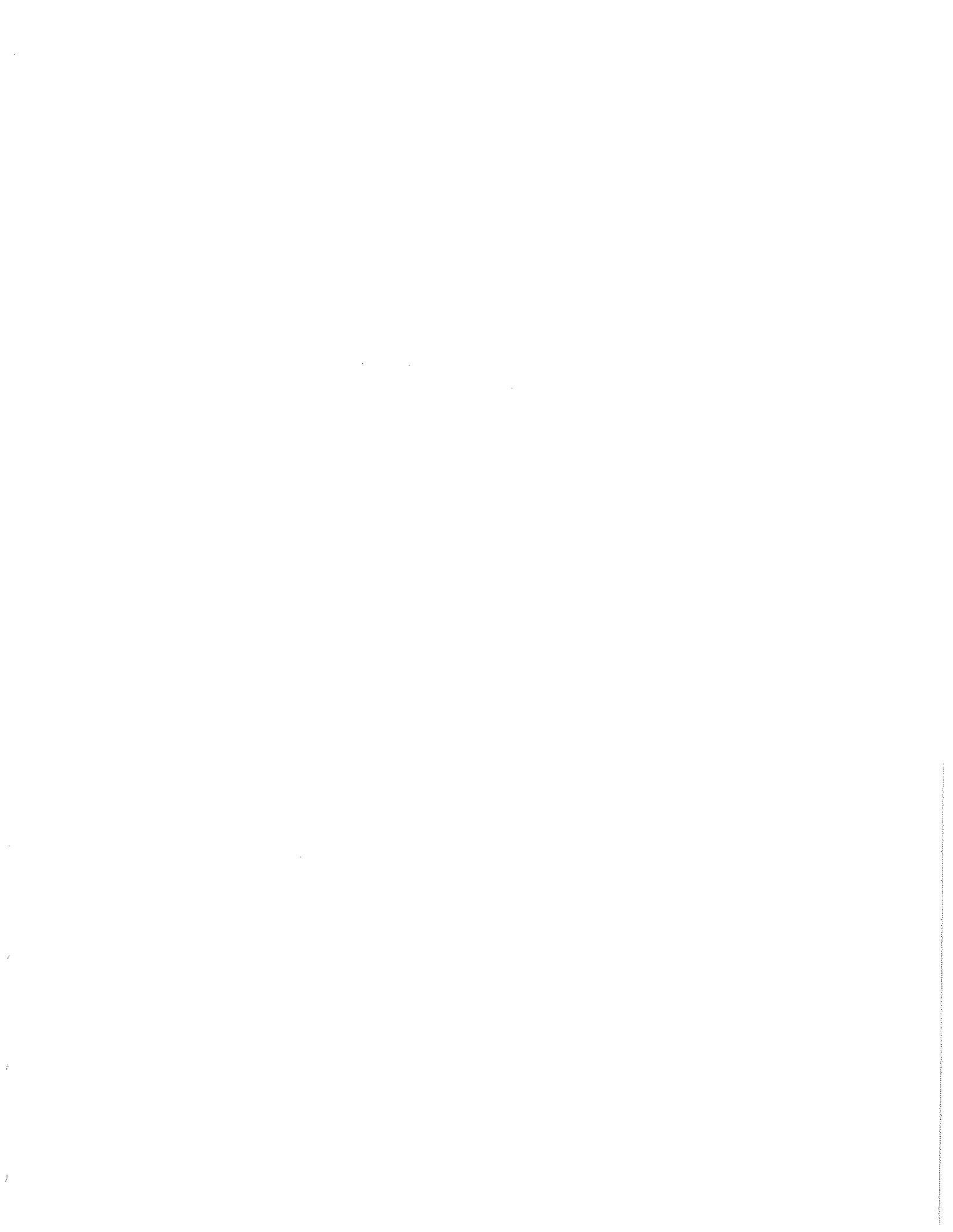
A handwritten signature in black ink, appearing to read "Robert M. Steptoe III", written over a horizontal line.

**ROBERT M. STEPTOE III**  
State Director

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500  
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836  
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# CLOSING MEMORANDUM

**To:** Financing Team

**From:** John C. Stump, Esquire

**Date:** March 12, 2007

**RE:** TOWN OF MASONTOWN, WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) and WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM)

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## 1. DISBURSEMENTS TO TOWN OF MASONTOWN

- A. Payor: West Virginia Infrastructure and Jobs Development Council  
Amount: \$103,456  
Form: Wire Transfer  
Payee: Town of Masontown  
Bank: WesBanco Bank, Inc.  
Routing #: 043400036  
Account #: 2814100991  
Contact: Sandy Murray - WesBanco Bank  
304.864.6300  
Account: Series 2007 A Bonds Construction Trust Fund
- B. Payor: West Virginia Bureau for Public Health  
Amount: \$491,000  
Form: Wire Transfer  
Payee: Town of Masontown  
Bank: WesBanco Bank, Inc.  
Routing #: 043400036  
Account #: 2814100991  
Contact: Sandy Murray - WesBanco Bank  
304.864.6300  
Account: Series 2007 B Bonds Construction Trust Fund

03.07.07  
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