

**TOWN OF MASONTOWN**

**Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)**

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561890.00004

State of West Virginia  
**WATER DEVELOPMENT AUTHORITY**  
 180 Association Drive, Charleston, WV 25311-1217  
 (304) 558-3612 - (304) 558-0299 (Fax)  
 Internet: www.wvwda.org - Email: contact@wvwda.org

Date 12.21.2011 Time 1:30 LGA Town of Masontown Program ISDC

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
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The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Lydia Main, Mayor Telephone 304.864.5555 E-Mail N/A  
 Address P.O. Box 340, Masontown, WV 26542

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

**TOWN OF MASONTOWN**

**WATER REVENUE BONDS, SERIES 2011 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)**

**BOND ORDINANCE**

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**TOWN OF MASONTOWN**

**BOND ORDINANCE**

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,200,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

**ARTICLE I**

**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The Town of 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 extensions, additions, betterments and improvements to the existing public waterworks facilities of the Issuer, consisting of water line extensions to Bull Run, North Union Community along Rohr Road to an area called the Taylor Extension together with all necessary appurtenances (the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, 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 Recorder of 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 Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of not more than \$1,200,000 as a single bond (the "Series 2011 A Bonds"), permanently finance 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 2011 A Bonds prior to and during acquisition and 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 Account (as hereinafter defined) for the Series 2011 A Bonds; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 A 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 2011 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2011 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, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer has the following outstanding obligations: (i) Water Revenue Bonds, 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"); (ii) Water Revenue Bonds, Series 1988 (United States Department of Agriculture), dated February 14, 1989, issued in the original aggregate principal amount of \$650,000 (the "Series 1988 Bonds"); (iii) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 12, 2007, issued in the original aggregate principal amount of \$815,500 (the "Series 2007 A Bonds"); and (iv) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated March 12, 2007, issued in the original aggregate principal amount of \$635,500 (the "Series 2007 B Bonds"), (collectively, the "Prior Bonds").

The Series 2011 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2011 A Bonds, the Issuer will obtain (i) the 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 2011 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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 Issuer's Prior Bonds and the Series 2011 A 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, the Loan Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2011 A 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 West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2011 A 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 West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2011 A 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 2011 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 2011 A 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.

"Closing Date" means the date upon which there is an exchange of the Series 2011 A Bonds for all or a portion of the proceeds of the Series 2011 A 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 1.02D hereof to be a part of the costs of acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

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

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

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

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

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

"Grants" means any grants committed to the Project.

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

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

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

"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 Agreement" means the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2011 A Bonds, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2011 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2011 A Bonds Reserve Account.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part

of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, 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 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 Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, 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 Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional 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 and the Council.

"Prior Bonds" means the Issuer's Series 1979 Bonds, Series 1988 Bonds, Series 2007 A Bonds and Series 2007 B Bonds.

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

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

"Qualified Investments" means and includes the following:

(a) Government Obligations;

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

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

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

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

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

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

(g) Repurchase agreements or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Ordinance and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2011 A Bonds.

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

"Revenue Fund" means the Revenue Fund established by the Prior Ordinance and continued hereby.

"Series 1979 Bonds" means the Issuer's Water Revenue Bonds, Series 1979 (United States Department of Agriculture), dated September 25, 1980, issued in the original aggregate principal amount of \$225,000.

"Series 1988 Bonds" means the Issuer's Water Revenue Bonds, Series 1988 (United States Department of Agriculture), dated February 14, 1989, issued in the original aggregate principal amount of \$650,000.

"Series 2007 A Bonds" means the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 12, 2007, issued in the original aggregate principal amount of \$815,500.

"Series 2007 B Bonds" means the Issuer's Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated March 12, 2007, issued in the original aggregate principal amount of \$635,500.

"Series 2011 A Bonds" means the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2011 A Bonds Construction Trust Fund" means the Series 2011 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2011 A Bonds Reserve Account" means the Series 2011 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2011 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 2011 A Bonds in the then current or any succeeding year.

"Series 2011 A Bonds Sinking Fund" means the Series 2011 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2011 A 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 2011 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2011 A 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 Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

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

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

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

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

## ARTICLE II

### **AUTHORIZATION OF THE PROJECT**

#### Section 2.01. Authorization of the Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not to exceed \$3,383,510, of which a portion will be paid from proceeds of the Series 2011 A Bonds, 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 2011 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project in an amount compatible with the financing plan submitted to the Council and the Authority.

The cost of the project is estimated not to exceed \$3,383,510, of which an amount not to exceed \$1,200,000 will be obtained from the proceeds of the Series 2011 A Bonds, approximately \$1,716,750 will be obtained from an Abandoned Mine lands grant, approximately \$396,760 will be obtained as a grant from the Governor's Contingency and approximately \$70,000 will be obtained as a grant from local sources.

## ARTICLE III

### **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS, AUTHORIZATION OF LOAN AGREEMENT**

#### Section 3.01. Authorization of Bonds.

For the purposes of capitalizing interest on the Series 2011 A Bonds, if any, funding the reserve account for the Series 2011 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2011 A 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 2011 A Bonds of the Issuer. The Series 2011 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)", in the principal amount of not more than \$1,200,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 A Bonds remaining after funding of the Series 2011 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund established by Section 5.01 hereof.

#### Section 3.02. Terms of Bonds.

The Series 2011 A Bonds shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable 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 2011 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is

legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2011 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2011 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2011 A 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 as specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 A 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 2011 A Bonds shall cease to be such officer of the Issuer before the Series 2011 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 or transferring the registered Series 2011 A Bonds are exercised, all Series 2011 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2011 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2011 A 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 any Series 2011 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2011 A Bonds or, in the case of any proposed redemption of such 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 2011 A 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 2011 A 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 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 A Bonds or the interest 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 2011 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the 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 2011 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2011 A 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 2011 A 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 2011 A Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2011 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2011 A 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2011 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
WATER REVENUE BONDS, SERIES 2011 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That on this the \_\_\_\_ day of \_\_\_\_\_, 2011, the Town of Masontown, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_ to and including \_\_\_\_\_ 1, 20\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). 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 Infrastructure and Jobs Development Council (the "Council), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 2011.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the Issuer (the "Project"); (ii) to fund the reserve account for the Series 2011 A Bonds; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project, and

any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2011, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2011 (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 (I) WATER REVENUE BONDS, 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"); (II) WATER REVENUE BONDS, SERIES 1988 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 14, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$650,000 (THE "SERIES 1988 BONDS"); (III) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 12, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$815,500 (THE "SERIES 2007 A BONDS"); AND (IV) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 12, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$635,500 (THE "SERIES 2007 B BONDS") (COLLECTIVLY, THE "PRIOR BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 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 hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2011 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 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 Prior Bonds; provided however, that, so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of

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

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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.

[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 the day and year first written above.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: \_\_\_\_\_, 2011.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

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

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2011 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, and is hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule for the Series 2011 A Bonds, the form of which will be provided by the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

#### ARTICLE IV

[RESERVED]

#### ARTICLE V

### **FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF**

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (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 Reserve);
- (3) Series 2011 A 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 (established by Prior Ordinance);
- (2) Series 2007 A Bonds Reserve Account (established by Prior Ordinance)

- (3) Series 2007 B Bonds Sinking Fund (established by Prior Ordinance);
- (4) Series 2007 A Bonds Reserve Account (established by Prior Ordinance)
- (5) Series 2011 A Bonds Sinking Fund; and
- (6) Series 2011 A 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 in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and 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 the Prior Ordinance and 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 next, each month, transfer from the Revenue Fund to the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (i) to the National Finance Office the amount required by the Prior Ordinance to pay interest on the Series 1979 Bonds and the Series 1988 Bonds; and (ii) to the Commission the amount required by Prior Ordinance to pay interest on the Series 2007 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by Prior Ordinance to pay principal on the Series 1979 Bonds and Series 1988 Bonds; (ii) remit to the Commission the amount required by Prior Ordinance to pay principal on the Series 2007 A Bonds and Series 2007 B Bonds; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 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 2011 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly

principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next each month, transfer from the Revenue Fund and simultaneously (i) remit for deposit in the reserve accounts for the Prior Bonds, the amounts required by the Prior Ordinance to be deposited therein; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, if not fully funded upon issuance of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 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 2011 A Bonds Reserve Requirement.

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

Monies in the Series 2011 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2011 A Bonds, as the same shall become due. Monies in the Series 2011 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2011 A Bonds, as the same shall come due, when other monies in the Series 2011 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2011 A Bonds Sinking Fund and the Series 2011 A 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 2011 A Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2011 A Bonds.

Any withdrawals from the Series 2011 A Bonds Reserve Account, which result in a reduction in the balance of such accounts to below the Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2011 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2011 A Bonds Sinking Fund or the Series 2011 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2011 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest 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 and the Series 2011 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 A Bonds Sinking Fund and the Series 2011 A 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. 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 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 A Bonds under the conditions and restrictions set forth herein.

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

C. 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 and reserve payments with respect to the Series 2011 A 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.

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 paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of 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 Government Obligations or by other 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

### **APPLICATION OF BOND PROCEEDS**

Section 6.01.      Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds.  
From the monies received from the sale of the Series 2011 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2011 A Bonds, there shall first be deposited with the Commission in the Series 2011 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 2011 A Bonds for the period commencing on the date of issuance of the Series 2011 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2011 A Bonds, there shall be deposited with the Commission in the Series 2011 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2011 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 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 2011 A Bonds.

D. After completion of the construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2011 A Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements of Bond Proceeds. 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 of the proceeds of the Series 2011 A Bonds from the Series 2011 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 stating that:

- (1) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (2) 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;
- (3) Each of such costs has been otherwise properly incurred; and
- (4) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2011 A Bonds Construction Trust Fund 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 2011 A 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 2011 A 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 2011 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 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 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 A Bonds or the interest 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 2011 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and 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 on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted June 17, 2010 which rates are incorporated herein by reference as a part hereof.

So long as the Series 2011 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2011 A Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreement.

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

So long as the Series 2011 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if

the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2011 A Bonds Sinking Fund, 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 on the Series 2011 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2011 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of \$50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and 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 \$50,000 and not in excess of \$200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of the Prior Ordinance and this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the source fiscal year for such sales, leases or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2011 A 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 2011 A 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 2011 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2011 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. 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 2011 A Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 1988 Bonds or Series 1979 Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1979 Bonds and Series 1988 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1979 Bonds and Series 1988 Bonds are no longer Outstanding, the following requirement shall be met:

So long as the Series 2007 A Bonds, Series 2007 B Bonds or Series 2011 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment 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 not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinance and this Bond Legislation then Outstanding; and
- (3) The additional 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 the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period 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, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to the issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and

under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia and the Act. 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 Governing Body shall direct.

The Issuer shall file with the Authority and the Council, or any other original purchaser of the Series 2011 A Bonds and shall mail in each year to any Holder or Holders of the Series 2011 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 A Bonds and shall submit the report to the Authority and the Council, or any other original purchaser of the Series 2011 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of test 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 revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Prior to the issuance of the Series 2011 A 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 on the Series 2011 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Series 2011 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2011 A Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2011 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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 Independent Certified Public Accountant 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 and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the 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.

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

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the

Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of the System or the water system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water system is not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders thereof.

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, 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 2011 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the 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 Issuer 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 and the Council. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

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 acquisition and construction of the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project, 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 of issuance of the Series 2011 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal and shall supply an opinion of counsel to such effect.

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

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

Section 7.19. [RESERVED]

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; Change Orders; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2011 A 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 for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2011 A 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 before expending any proceeds of the Series 2011 A Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

### **INVESTMENT OF FUNDS; USE OF PROCEEDS**

Section 8.01.      Investments. Any monies held as a part of the funds and accounts created by this Resolution, 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 Resolution, 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 shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond 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 2011 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2011 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate and 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 2011 A Bonds as a condition to issuance of the Series 2011 A 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 2011 A Bonds as may be necessary in order to maintain the status of the Series 2011 A 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 2011 A Bonds which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2011 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2011 A 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 2011 A Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2011 A Bonds; or
- (2) If default occurs in the Issuer or the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2011 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 A Bonds, and such default shall have continued for a period of 30 days after the Issuer or Issuer, as appropriate, shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer or Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; 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 or Bondholder 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 or Bondholders 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 or Bondholders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2011 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03.        Appointment of Receiver.    Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to 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 or 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 Series 2011 A Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2011 A Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other 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 2011 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### **MISCELLANEOUS**

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2011 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 A 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 2011 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2011 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2011 A 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 2011 A 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 2011 A 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 2011 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinance. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.07. 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 qualified newspaper published and of general circulation in the Town of Masontown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2011 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

Passed on First Reading:            July 27, 2011

Passed on Second Reading:        August 10, 2011

Passed on Final Reading  
Following Public  
Hearing:                                September 14, 2011

  
\_\_\_\_\_  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of the Town of Masontown on the 14th day of September, 2011.

Dated: December 22, 2011.

[SEAL]

  
Recorder

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

TOWN OF MASONTOWN

Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

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 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF MASONTOWN; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING A BOND ORDINANCE; 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 September 14, 2011 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,200,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have

the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, in the aggregate principal amount not to exceed \$1,200,000 (the "Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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 at this meeting;

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

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

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$760,987. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2051, and shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013, to and including December 1, 2051, 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 Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority.

The 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, Inc., Masontown, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2011 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2011 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2011 A Bonds proceeds in the amount of \$19,768 shall be deposited in the Series 2011 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund as received from the Council from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about December 22, 2011, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds 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 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2011 A Bonds Sinking Fund, including the Series 2011 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia

Consolidated Fund.

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

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Adopted this 14th day of December, 2011.

  
\_\_\_\_\_  
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Masontown on the 14th day of December, 2011.

Dated: December 22, 2011.

[SEAL]

  
Recorder

12.01.11  
561890.00004

IC-1  
(08/11)

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  
(2009W-1078)

(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.

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

### 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, including compliance with Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended, 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 5<sup>th</sup> day of such calendar

month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

(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 making any changes to the final Schedule B and also 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:

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

By:

Its: Mayor

Date: December 22, 2011

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

Attest:

  
\_\_\_\_\_  
Its: Authorized Officer

By:

Its: Executive Director

Date: December 22, 2011

{C2200914.1}

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) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended; (vi) 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; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) 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; (x) 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; (xi) 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 (xii) 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.

4. The Project will serve \_\_\_\_\_ new customers in the \_\_\_\_\_ area.

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

[SEAL]

\_\_\_\_\_  
By: \_\_\_\_\_  
West Virginia License No. \_\_\_\_\_

\_\_\_\_\_  
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>
<b>1. Gross Revenues</b>	_____	_____	_____	_____
<b>2. Operating Expenses</b>	_____	_____	_____	_____
<b>3. Bond Payments:</b>				
<b><u>Type of Issue</u></b>				
<b>Clean Water SRF</b>	_____	_____	_____	_____
<b>Drinking Water TRF</b>	_____	_____	_____	_____
<b>Infrastructure Fund</b>	_____	_____	_____	_____
<b>Water Development Authority</b>	_____	_____	_____	_____
<b>Rural Utilities Service</b>	_____	_____	_____	_____
<b>Economic Development Administration</b>	_____	_____	_____	_____
<b>Other (Identify)</b>	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
<b>4. Renewal and Replacement Fund Deposits</b>	_____	_____	_____	_____

\_\_\_\_\_  
**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	\$760,987
Purchase Price of Local Bonds	\$760,987

The Local Bonds shall bear no interest. Commencing September 1, 2013, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission 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 interests 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:

- (i) Town of Masontown Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of \$850,000;
- (ii) Town of Masontown Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), dated August 22, 2001, issued in the original aggregate principal amount of \$1,500,000; and
- (iii) Town of Masontown Sewer Revenue Bonds, Series 2007 A (United States Department of Agriculture), dated April 20, 2007, issued in the original aggregate principal amount of \$261,500.

Number of New Customers to Be Served: 96

Location: Bull Run, North Union Community and Rohr Road areas.

## SCHEDULE Y DEBT SERVICE SCHEDULE

<b>BOND DEBT SERVICE</b>			
Town of Masontown			
IF			
\$760,987			
0% Interest Rate			
40 Years from Closing Date			
	Dated		
	Date	12/22/2011	
	Delivery		
	Date	12/22/2011	
Period	Principal	Interest	Debt
Ending			Service
9/1/2013	4,942		4,942
12/1/2013	4,942		4,942
3/1/2014	4,942		4,942
6/1/2014	4,942		4,942
9/1/2014	4,942		4,942
12/1/2014	4,942		4,942
3/1/2015	4,942		4,942
6/1/2015	4,942		4,942
9/1/2015	4,942		4,942
12/1/2015	4,942		4,942
3/1/2016	4,942		4,942
6/1/2016	4,942		4,942
9/1/2016	4,942		4,942
12/1/2016	4,942		4,942
3/1/2017	4,942		4,942
6/1/2017	4,942		4,942
9/1/2017	4,942		4,942
12/1/2017	4,942		4,942
3/1/2018	4,942		4,942
6/1/2018	4,942		4,942
9/1/2018	4,942		4,942
12/1/2018	4,942		4,942
3/1/2019	4,942		4,942
6/1/2019	4,942		4,942
9/1/2019	4,942		4,942
12/1/2019	4,942		4,942
3/1/2020	4,942		4,942
6/1/2020	4,942		4,942
9/1/2020	4,942		4,942
12/1/2020	4,942		4,942
3/1/2021	4,942		4,942
6/1/2021	4,942		4,942
9/1/2021	4,942		4,942
12/1/2021	4,942		4,942
3/1/2022	4,942		4,942
6/1/2022	4,942		4,942
9/1/2022	4,942		4,942
12/1/2022	4,942		4,942
3/1/2023	4,942		4,942
6/1/2023	4,942		4,942
9/1/2023	4,942		4,942
12/1/2023	4,942		4,942
3/1/2024	4,942		4,942

<b>BOND DEBT SERVICE</b>			
Town of Masontown			
IF			
<b>\$760,987</b>			
0% Interest Rate			
40 Years from Closing Date			
Period Ending	Principal	Interest	Debt Service
6/1/2024	4,942		4,942
9/1/2024	4,942		4,942
12/1/2024	4,942		4,942
3/1/2025	4,942		4,942
6/1/2025	4,942		4,942
9/1/2025	4,942		4,942
12/1/2025	4,942		4,942
3/1/2026	4,942		4,942
6/1/2026	4,942		4,942
9/1/2026	4,942		4,942
12/1/2026	4,942		4,942
3/1/2027	4,942		4,942
6/1/2027	4,942		4,942
9/1/2027	4,942		4,942
12/1/2027	4,942		4,942
3/1/2028	4,942		4,942
6/1/2028	4,942		4,942
9/1/2028	4,942		4,942
12/1/2028	4,942		4,942
3/1/2029	4,942		4,942
6/1/2029	4,942		4,942
9/1/2029	4,942		4,942
12/1/2029	4,942		4,942
3/1/2030	4,942		4,942
6/1/2030	4,942		4,942
9/1/2030	4,942		4,942
12/1/2030	4,942		4,942
3/1/2031	4,942		4,942
6/1/2031	4,942		4,942
9/1/2031	4,941		4,941
12/1/2031	4,941		4,941
3/1/2032	4,941		4,941
6/1/2032	4,941		4,941
9/1/2032	4,941		4,941
12/1/2032	4,941		4,941
3/1/2033	4,941		4,941
6/1/2033	4,941		4,941
9/1/2033	4,941		4,941
12/1/2033	4,941		4,941
3/1/2034	4,941		4,941
6/1/2034	4,941		4,941
9/1/2034	4,941		4,941
12/1/2034	4,941		4,941
3/1/2035	4,941		4,941
6/1/2035	4,941		4,941
9/1/2035	4,941		4,941
12/1/2035	4,941		4,941

<b>BOND DEBT SERVICE</b>			
Town of Masontown			
IF			
\$760,987			
0% Interest Rate			
40 Years from Closing Date			
Period Ending	Principal	Interest	Debt Service
3/1/2036	4,941		4,941
6/1/2036	4,941		4,941
9/1/2036	4,941		4,941
12/1/2036	4,941		4,941
3/1/2037	4,941		4,941
6/1/2037	4,941		4,941
9/1/2037	4,941		4,941
12/1/2037	4,941		4,941
3/1/2038	4,941		4,941
6/1/2038	4,941		4,941
9/1/2038	4,941		4,941
12/1/2038	4,941		4,941
3/1/2039	4,941		4,941
6/1/2039	4,941		4,941
9/1/2039	4,941		4,941
12/1/2039	4,941		4,941
3/1/2040	4,941		4,941
6/1/2040	4,941		4,941
9/1/2040	4,941		4,941
12/1/2040	4,941		4,941
3/1/2041	4,941		4,941
6/1/2041	4,941		4,941
9/1/2041	4,941		4,941
12/1/2041	4,941		4,941
3/1/2042	4,941		4,941
6/1/2042	4,941		4,941
9/1/2042	4,941		4,941
12/1/2042	4,941		4,941
3/1/2043	4,941		4,941
6/1/2043	4,941		4,941
9/1/2043	4,941		4,941
12/1/2043	4,941		4,941
3/1/2044	4,941		4,941
6/1/2044	4,941		4,941
9/1/2044	4,941		4,941
12/1/2044	4,941		4,941
3/1/2045	4,941		4,941
6/1/2045	4,941		4,941
9/1/2045	4,941		4,941
12/1/2045	4,941		4,941
3/1/2046	4,941		4,941
6/1/2046	4,941		4,941
9/1/2046	4,941		4,941
12/1/2046	4,941		4,941
3/1/2047	4,941		4,941
6/1/2047	4,941		4,941
9/1/2047	4,941		4,941

<b>BOND DEBT SERVICE</b>			
Town of Masontown			
IF			
<b>\$760,987</b>			
0% Interest Rate			
40 Years from Closing Date			
<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>
12/1/2047	4,941		4,941
3/1/2048	4,941		4,941
6/1/2048	4,941		4,941
9/1/2048	4,941		4,941
12/1/2048	4,941		4,941
3/1/2049	4,941		4,941
6/1/2049	4,941		4,941
9/1/2049	4,941		4,941
12/1/2049	4,941		4,941
3/1/2050	4,941		4,941
6/1/2050	4,941		4,941
9/1/2050	4,941		4,941
12/1/2050	4,941		4,941
3/1/2051	4,941		4,941
6/1/2051	4,941		4,941
9/1/2051	4,941		4,941
12/1/2051	4,942		4,942
	<b>760,987</b>		<b>760,987</b>

SCHEDULE Z

(None)

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: March 16, 2011

CASE NO. 10-1532-W-CN

TOWN OF MASONTOWN,  
a municipal corporation,  
Masontown, Preston County.

Application for a certificate of public convenience and necessity to extend waterlines to Bull Run, North Union Community and along the Rohr Road to an area called the Taylor Extension, to construct a new water tank and other associated upgrades.

FINAL

4/5/2011

RECOMMENDED DECISION

PROCEDURE

On September 30, 2010, a duly-verified application for a certificate of public convenience and necessity was filed by the Town of Masontown (Town or Applicant) to construct certain additions and improvements to the water system in and around the Town of Masontown in Preston County. According to the application, waterlines would be extended to Bull Run, North Union Community and along Rohr Road to an area called the Taylor Extension at an estimated cost of \$2,985,000 to be funded by grant money from Abandoned Mine Lands in varying percentages for the cost of the construction in the three areas that will receive water service; local grants in the amount of \$70,000; a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$950,000 at an interest rate of 0% for 38 years; and a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$248,250.

By Commission Order entered on October 1, 2010, the Town was ordered to publish a Notice of Filing associated with its proposed project once in a qualified newspaper as provided in West Virginia Code §59-3-1, et seq., published and of general circulation in the counties where service is provided, making due return to the Commission of proper certification of the publication within thirty days from the date of publication.

On October 14, 2010, the Commission referred the matter to the Division of Administrative Law Judges with a decision due date of February 14, 2011.

On October 19, 2010, additional supporting documentation for the certificate application was filed by the Town.

KAC

On October 26, 2010, Commission Staff filed an Initial and Final Joint Staff Memorandum recommending that the certificate application be dismissed because of significant deficiencies with the Town's Rule 42 exhibit. In the alternative, Staff recommended that the Town seek a tolling of its certification application until the deficiencies noted by Staff were cured.

On November 1, 2010, the Applicant filed a Motion to Toll its application. Additionally, the Applicant filed an Affidavit of Publication which confirmed that the Applicant published a Notice of Filing regarding its certificate application in The Preston County Journal, a weekly newspaper, published and of general circulation in Preston County on October 13, 2010, as a Class I legal advertisement.

On November 15, 2010, the Town specifically requested that its certificate application be tolled for thirty days. Additionally, the Town filed additional information requested of it by Commission Staff, including a revised Rule 42 exhibit and funding information.

By Commission Order entered on November 16, 2010, the Commission granted the Applicant's motion and tolled the certificate application for thirty days as had been requested. The Commission also reset the decision due date to March 16, 2011.

On January 18, 2011, the Applicant filed the funding letter received from the West Virginia Infrastructure and Jobs Development Council associated with the proposed project's funding.

On January 26, 2011, Staff filed a Further Final Joint Staff Memorandum recommending that the certificate application be approved. Also on January 26, 2011, a copy of Staff's final recommendation was mailed to the Applicant by United States First Class Mail, postage prepaid, along with a cover letter prepared by the Commission's Executive Secretary advising the Applicant of its right to file a response to Staff's recommendation within ten days of the date of the cover letter. As of today's date, the Applicant has filed no response thereto.

#### DISCUSSION

If constructed, the project will provide service to approximately 94 new residential customers in the areas of Bull Run, North Union Community and along the Rohr Road to an area called Taylor Extension in Preston County. The private water sources in these areas have been impacted by mining and are unreliable. In the drier months of the year, these areas have inadequate supplies of water. Of the 94 customers to be served by the project, the Town has secured 89 signed user agreements, which constitute a 95% sign-up rate.

Construction of the proposed project will consist of various diameters of waterline, two pressure reducing valves, a 48 GPM duplex pressure booster station, and a 220,000-gallon water storage tank. The increased storage will enhance service for existing and future customers in that the Town's storage will increase from one day to three days.

The Town of Masontown is a sale for resale customer of the Morgantown Utility Board, from which all of the Town's finished water is purchased. Staff has confirmed via the Engineering Report associated with the project that Morgantown has sufficient supply to meet the Town's future water needs. Staff has also confirmed that the West Virginia Office of Environmental Health Services issued Permit No. 18,279 for the project. Staff noted that its review of the plans and specifications for the project revealed no conflicts with the Commission's rules and regulations.

From a financial standpoint, the project is feasible. Operation and maintenance expenses will only increase by \$11,968, which Engineering Staff believes to be reasonable. The project is fully funded. All funding commitment letters for the project have been obtained by the Town and are contained in the case file. Additionally, the Town adopted an ordinance on June 17, 2010, effective on August 1, 2010, increasing rates by 9% to support the proposed project. The Cash Flow Analysis shows debt service coverage of 123.12% and a cash surplus of \$20,501.

#### FINDINGS OF FACT

1. The Town of Masontown filed a duly-verified application for a certificate of public convenience and necessity in order to construct certain additions and improvements to its existing water system at a cost not to exceed \$2,985,000. According to the original application, the project will be funded by a grant in the amount of \$1,716,750 from Abandoned Mine Lands; local grants totaling \$70,000; a Governor's Contingency Grant in the amount of \$396,760; and a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$801,490. (See, application filed on July 21, 2010, as amended, November 15, 2010).

2. The Town of Masontown will construct various diameters of waterline, two pressure reducing valves, a 48 GPM duplex pressure booster station, and a 220,000-gallon water storage tank. The increased storage will enhance service for existing and future customers in that the Town's storage will increase from one day to three days. (See, Further Final Joint Staff Memorandum filed on January 26, 2011).

3. The project is fully funded. All funding commitment letters are contained in the case file. (See, Town's November 15, 2010, and January 18, 2011 filings; Further Final Joint Staff Memorandum filed on January 26, 2011).

4. The project will replace unreliable contaminated wells impacted by mining and provide sufficient water service to 94 additional customers. Finished water will be supplied by the Morgantown Utility Board which has the capacity to supply the Town's future water needs. (See, Further Final Joint Staff Memorandum filed on January 26, 2011).

5. The Town of Masontown was issued Permit No. 18,279 by the West Virginia State Office of Environmental Health Services for the project on April 9, 2009. (See, Further Final Joint Staff Memorandum filed on January 26, 2011).

6. The Town of Masontown filed an affidavit of publication evidencing that the Applicant published a Notice of Filing regarding its certificate application in The Preston County Journal, a weekly newspaper, published and of general circulation in Preston County on October 13, 2010, as a Class I legal advertisement. No protest has been received in response to that publication. (See, November 15, 2010 filing; case file generally).

7. After investigation and review, Commission Staff recommended that the project be approved after finding the proposed project to be convenient and necessary. (See, Further Final Joint Staff Memorandum filed January 26, 2011).

#### CONCLUSION OF LAW

The public convenience and necessity require the proposed project; the project is financially feasible and fully funded; and, if constructed, the Town of Masontown will be able to supply finished water service to an additional 94 customers who currently have contaminated and inadequate water supplies.

#### ORDER

IT IS, THEREFORE, ORDERED that the duly-verified certificate application filed by the Town of Masontown with the Public Service Commission on September 30, 2010, as amended, to make certain improvements to its water system in order to provide service to 94 additional customers and to enhance service to existing customers by increasing system storage, pursuant to West Virginia Code §24-2-11, at an estimated cost of \$2,985,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that the financing for the project, consisting of grants from the Abandoned Mine Lands fund in the amount of \$1,716,750; local grants in the amount of \$70,000; a Governor's Contingency Grant in the amount of \$396,760; and a West Virginia Infrastructure and Jobs Development Council Loan in the amount of \$801,490 at 0% interest for 38 years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Town of Masontown obtain additional Commission approval, prior to construction, if the plans or scope of the project changes.

IT IS FURTHER ORDERED that, if a change in the project cost does not change project rates, no additional Commission approval is necessary; however, the Town of Masontown will be required to file an affidavit executed by its certified public accountant, verifying that the Town of Masontown's rates and charges are not affected.

IT IS FURTHER ORDERED that the Town of Masontown file with the Commission a copy of the engineer's certified bid tabulations for all contracts awarded for the project and submit a copy of the Certificate of Substantial Completion issued for each construction contract associated with the project, as soon as they become available.

IT IS FURTHER ORDERED that, if the project certificated herein requires the use of any West Virginia Department of Highways' rights-of-way, the Town of Masontown follow all applicable rules and regulations of the Department of Highways regarding those rights-of-way.

IT IS FURTHER ORDERED that this case be, and it hereby is, stricken 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 by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

  
Meyishi Pearl Blair  
Administrative Law Judge

MPB:s:cdk  
101532a.wpd

**LEGAL NOTICE  
PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

CASE NO. 10-1532-W-CN  
TOWN OF MASONTOWN

Application for a Certificate of Convenience and Necessity to extend waterlines to Bull Run, North Union Community and along the Rohr Road to an area called the Taylor Extension, to construct a new water tank and other associated upgrades.

**NOTICE OF FILING**

On September 30, 2010, the Town of Masontown (Masontown) filed an application, duly verified, for a Certificate to construct certain additions and improvements to the water system in and around the Town of Masontown in Preston County.

The improvements include extending water lines to Bull Run, North Union Community and long the Rohr Road to an area called Taylor Extension and an additional water tank.

Masontown does not have any alternate project deductions or additions that Masontown intends to make in the event project modification becomes necessary.

This application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

Masontown estimates that construction will cost approximately \$2,985,000.00. It is proposed that the construction will be financed as follows: (i) AML will contribute 75% of the construction cost for the Bull Run extension; 81% contribution for the North Union extension and 92.8% for the Taylor extension; (ii) local sources grant of \$70,000.00; (iii) a West Virginia Infrastructure and Jobs Development Council loan in the amount of \$950,000.00 at 0% interest for thirty-eight years; (iv) and grant in the amount of \$245,250.00.

**RATES WITHIN THE MUNICIPALITY OF MASONTOWN**

Customers with metered water supply served within the Municipality of Masontown:

Number of Gallons/Month	Rate
First 2,000 gallons	\$8.61 per 1,000 gallons
Next 5,000 gallons	\$5.52 per 1,000 gallons
Next 8,000 gallons	\$4.67 per 1,000 gallons
Next 10,000 gallons	\$4.11 per 1,000 gallons
Next 25,000 gallons	\$3.37 per 1,000 gallons
All over 50,000 gallons	\$2.62 per 1,000 gallons

**MINIMUM CHARGE**

No bill shall be rendered for less than \$17.22 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	\$17.22 per month
1 inch meter	\$43.06 per month
1 1/2 inch meter	\$86.11 per month
2 inch meter	\$137.78 per month
3 inch meter	\$258.33 per month
4 inch meter	\$430.55 per month

**SCHEDULE OF RATES AND CHARGES OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF MASONTOWN**

Customers with metered water supply served without the Municipality of Masontown:

Number of Gallons/Month	Rate
First 2,000 gallons	\$11.22 per 1,000 gallons
Next 5,000 gallons	\$7.29 per 1,000 gallons
Next 8,000 gallons	\$6.35 per 1,000 gallons
Next 10,000 gallons	\$6.00 per 1,000 gallons
Next 25,000 gallons	\$5.23 per 1,000 gallons
All over 50,000 gallons	\$2.81 per 1,000 gallons

**MINIMUM CHARGE**

No bill shall be rendered for less than \$22.44 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	\$22.44 per month
1 inch meter	\$50.48 per month
1 1/2 inch meter	\$100.95 per month
2 inch meter	\$161.52 per month
3 inch meter	\$302.84 per month
4 inch meter	\$504.73 per month

**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 is net. On all current accounts not paid in full within twenty days of date of bill, ten percent 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 sixty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills

**Publication**

I, **Carol Peters**, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

**Water Rates**

a copy of which notice is hereto annexed, was published in said paper for One successive weeks, beginning with its issue of 10/13/10

and expiring with its issue of 10/13/10

And, I do further certify that on 10/13/10

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

*Carol Peters*

**ADVERTISING MANAGER**

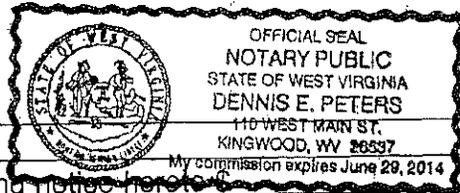
Subscribed and sworn to before me this the

*13th* day of *October*, 2010

*Dennis E. Peters*

**NOTARY PUBLIC**

My commission expires *6/29/2014*



Kingwood, WV

for publishing notice hereto

**ADVERTISING MANAGER**

twenty days of date of bill, ten percent 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 sixty 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 \$20.00 shall be paid as tariff for reconnecting service.

(b) If service is discontinued at the request of a customer, the Masontown Municipal Water Department may refuse service to such customer at the same premises, within eight months, unless said Water Department shall first receive payment in the amount of \$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 INCREMENT

\$1.30 per thousand 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 of the annual estimated charge for residential service or \$50.00 whichever is greater or one-sixth of annual estimated charge for commercial service.

Masontown anticipates charging the following rates, which have been enacted by City Council following municipal ordinance procedures.

These rates represent the following project-related increases that became effective pursuant to municipal ordinance.

	(\$) INCREASE	(%) INCREASE
Residential (within)	\$1.55	9%
Residential (outside)	\$2.03	9%

This rate increase related to the project will produce approximately \$58,200.00 annually in additional revenue, an increase of 9%. This increase has been enacted by the Town Council following municipal ordinance procedures and can be challenged only through a proper petition as set forth in W.Va. Code §24-2-4b.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average.

Anyone desiring to protest or intervene should file a written protest or request to intervene within thirty days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or request to intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or request to intervene.

Requests to intervene must comply with the rules on intervention set forth in the Commission's **Rules of Practice and Procedure**. All protests and requests to intervene should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty days of this publication, the Commission may waive formal hearing and grant the application based on the Commission's review of the evidence submitted with the application.



## WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin  
Chairman

Kenneth Lowe, Jr.  
Public Member

David "Bones" McComas  
Public Member

Ron Justice  
Public Member

Louis Spatafore  
Public Member

Joseph Freeland  
Public Member

James W. Ellars, P.E.  
Executive Director

Barbara J. Pauley  
Administrative Secretary

January 7, 2011

Roger L. Street, Chairman  
Town of Masontown  
P.O. Box 645  
Masontown, WV 26542

Re: Town of Masontown  
2009W-1078 Binding Commitment  
**(Action Required by January 31, 2011)**

Dear Mr. Street:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this binding offer of an Infrastructure Fund loan of approximately \$801,490 (Loan) to the Town of Masontown (Town) for the above referenced water project (Project). The loan will be contingent upon the Town receiving a letter from the Governor's office committing the \$396,760 Governor's contingency grant and 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.

If the Town has any questions regarding this commitment, please contact James W. Ellars at 304-558-4607 (X201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) *(via e-mail)*  
Robbie Baylor, Preston County EDA  
Matthew W. Fluharty, P.E., Thrasher Engineering, Inc.  
Samme Gee, Esq., Jackson Kelly *(via e-mail)*

Roger L. Street, Chairman  
January 7, 2011  
Page 2 of 3

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

TOWN OF MASONTOWN

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

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

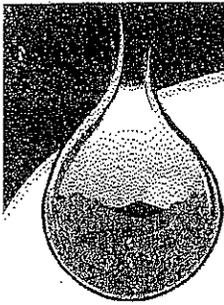
Date: \_\_\_\_\_

**WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL**

Town of Masontown  
Water Project 2009W-1078

**SCHEDULE A**

- A. Approximate Amount: \$801,490    Loan
- B. Loan: \$801,490
1. Maturity Date: 40 years from date of closing.
  2. Interest Rate: 0%
  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
- C. Other Funding:
- |                              |               |
|------------------------------|---------------|
| AML grant                    | \$1,716,750   |
| Governor's contingency grant | 396,760       |
| Local grant                  | <u>70,000</u> |
- D. Total Project Cost: \$2,985,000
- E. Proposed User Rates: Approximately \$37.02 / 4000 gallons



# WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III  
Chairman

April 6, 2009

Kenneth Lowe, Jr.  
Public Member

Roger Street  
Town of Masontown  
P.O. Box 645  
Masontown, WV 26542

Dwight Calhoun  
Public Member

David "Bones" McComas  
Public Member

Re: Town of Masontown  
Water Project 2009W-1078

Ron Justice  
Public Member

Dear Mr. Street:

Angela K. Chestnut  
Executive Director

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Town of Masontown's (Town) preliminary application to extend potable water lines to the areas of Bulls Run, North Union Community and the Taylor extension and to construct a 200,000 gallon water storage tank for additional storage for the distribution system (Project).

Barbara J. Pauley  
Administrative Secretary

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 preliminary application, the Council recommends that the Town utilize a \$1,716,750 Abandoned Mine Lands grant and appears eligible for a \$950,000 Infrastructure Fund loan (0%, 38 years) and a \$248,250 Infrastructure Fund grant, pending final determination of the project's eligibility and readiness to proceed, to fund this \$2,915,000 project. **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 the Angela Chestnut at (304) 558-4607 (Ext. 201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) (via e-mail)  
Eric Coberly, P.E., AML (w/o enclosure) (via e-mail)  
Region VI Planning & Development Council  
Matthew W. Fluharty, P.E., Thrasher Engineering, Inc.

TOWN OF MASONTOWN

Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On this 22nd day of December, 2011, 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 entire original issue of \$760,987 principal amount of the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), issued as a single, fully registered Bond, numbered AR-1, and dated December 22, 2011.

2. At the time of such receipt of the Bonds upon original issuance, the 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 Bonds, of the sum of \$229,920.37, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first above written.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By: Sheena Chadwell  
Its: Authorized Representative

TOWN OF MASONTOWN

By: Lydia Mann  
Its: Mayor

12.01.11  
561890.00004

TOWN OF MASONTOWN

Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,  
as Bond Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

On this 22nd day of December, 2011, 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 2011 A (West Virginia Infrastructure Fund), in the principal amount of \$760,987, dated December 22, 2011 (the "Bonds"), executed by the Mayor and the Recorder of the Town of Masontown (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on September 14, 2011, and a Supplemental Resolution duly adopted by the Issuer on December 14, 2011 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated December 22, 2011 (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; and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$229,920.37, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the date first written above.

TOWN OF MASONTOWN

By: *Lydia Mair*  
Its: Mayor

12.01.11  
561890.00004

# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
WATER REVENUE BONDS, SERIES 2011 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$760,987

KNOW ALL MEN BY THESE PRESENTS: That on this the 22nd day of December, 2011, 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 SEVEN HUNDRED SIXTY THOUSAND NINE HUNDRED EIGHTY-SEVEN DOLLARS (\$760,987), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013 to and including December 1, 2051, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). 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 Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 22, 2011.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the Issuer (the "Project"); (ii) to fund the reserve account for the Series 2011 A Bonds; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article

15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on September 14, 2011, and a Supplemental Resolution duly adopted by the Issuer on December 14, 2011 (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 (I) WATER REVENUE BONDS, 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"); (II) WATER REVENUE BONDS, SERIES 1988 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 14, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$650,000 (THE "SERIES 1988 BONDS"); (III) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 12, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$815,500 (THE "SERIES 2007 A BONDS"); AND (IV) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 12, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$635,500 (THE "SERIES 2007 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 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 hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2011 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 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 Prior Bonds; provided however, that, so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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.

[Remainder of Page Intentionally Blank]

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

[SEAL]

*Lydia Main*  
\_\_\_\_\_  
Mayor

SPECIMEN

ATTEST:

*[Signature]*  
\_\_\_\_\_  
Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: December 22, 2011.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

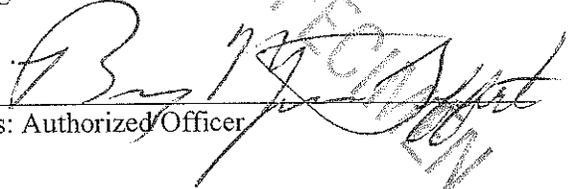
By:   
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$229,920.37	12.22.11	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

**BOND DEBT SERVICE**  
Town of Masontown  
IF  
\$760,987  
0% Interest Rate  
40 Years from Closing Date

Dated Date 12/22/2011  
Delivery  
Date 12/22/2011

Period Ending	Principal	Interest	Debt Service
9/1/2013	4,942		4,942
12/1/2013	4,942		4,942
3/1/2014	4,942		4,942
6/1/2014	4,942		4,942
9/1/2014	4,942		4,942
12/1/2014	4,942		4,942
3/1/2015	4,942		4,942
6/1/2015	4,942		4,942
9/1/2015	4,942		4,942
12/1/2015	4,942		4,942
3/1/2016	4,942		4,942
6/1/2016	4,942		4,942
9/1/2016	4,942		4,942
12/1/2016	4,942		4,942
3/1/2017	4,942		4,942
6/1/2017	4,942		4,942
9/1/2017	4,942		4,942
12/1/2017	4,942		4,942
3/1/2018	4,942		4,942
6/1/2018	4,942		4,942
9/1/2018	4,942		4,942
12/1/2018	4,942		4,942
3/1/2019	4,942		4,942
6/1/2019	4,942		4,942
9/1/2019	4,942		4,942
12/1/2019	4,942		4,942
3/1/2020	4,942		4,942
6/1/2020	4,942		4,942
9/1/2020	4,942		4,942
12/1/2020	4,942		4,942
3/1/2021	4,942		4,942
6/1/2021	4,942		4,942
9/1/2021	4,942		4,942
12/1/2021	4,942		4,942
3/1/2022	4,942		4,942
6/1/2022	4,942		4,942
9/1/2022	4,942		4,942
12/1/2022	4,942		4,942
3/1/2023	4,942		4,942
6/1/2023	4,942		4,942
9/1/2023	4,942		4,942
12/1/2023	4,942		4,942
3/1/2024	4,942		4,942

**BOND DEBT SERVICE**  
 Town of Masontown  
 IF  
 \$760,987  
 0% Interest Rate  
 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2024	4,942		4,942
9/1/2024	4,942		4,942
12/1/2024	4,942		4,942
3/1/2025	4,942		4,942
6/1/2025	4,942		4,942
9/1/2025	4,942		4,942
12/1/2025	4,942		4,942
3/1/2026	4,942		4,942
6/1/2026	4,942		4,942
9/1/2026	4,942		4,942
12/1/2026	4,942		4,942
3/1/2027	4,942		4,942
6/1/2027	4,942		4,942
9/1/2027	4,942		4,942
12/1/2027	4,942		4,942
3/1/2028	4,942		4,942
6/1/2028	4,942		4,942
9/1/2028	4,942		4,942
12/1/2028	4,942		4,942
3/1/2029	4,942		4,942
6/1/2029	4,942		4,942
9/1/2029	4,942		4,942
12/1/2029	4,942		4,942
3/1/2030	4,942		4,942
6/1/2030	4,942		4,942
9/1/2030	4,942		4,942
12/1/2030	4,942		4,942
3/1/2031	4,942		4,942
6/1/2031	4,942		4,942
9/1/2031	4,941		4,941
12/1/2031	4,941		4,941
3/1/2032	4,941		4,941
6/1/2032	4,941		4,941
9/1/2032	4,941		4,941
12/1/2032	4,941		4,941
3/1/2033	4,941		4,941
6/1/2033	4,941		4,941
9/1/2033	4,941		4,941
12/1/2033	4,941		4,941
3/1/2034	4,941		4,941
6/1/2034	4,941		4,941
9/1/2034	4,941		4,941
12/1/2034	4,941		4,941
3/1/2035	4,941		4,941
6/1/2035	4,941		4,941
9/1/2035	4,941		4,941
12/1/2035	4,941		4,941

**BOND DEBT SERVICE**  
 Town of Masontown  
 IF  
 \$760,987  
 0% Interest Rate  
 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2036	4,941		4,941
6/1/2036	4,941		4,941
9/1/2036	4,941		4,941
12/1/2036	4,941		4,941
3/1/2037	4,941		4,941
6/1/2037	4,941		4,941
9/1/2037	4,941		4,941
12/1/2037	4,941		4,941
3/1/2038	4,941		4,941
6/1/2038	4,941		4,941
9/1/2038	4,941		4,941
12/1/2038	4,941		4,941
3/1/2039	4,941		4,941
6/1/2039	4,941		4,941
9/1/2039	4,941		4,941
12/1/2039	4,941		4,941
3/1/2040	4,941		4,941
6/1/2040	4,941		4,941
9/1/2040	4,941		4,941
12/1/2040	4,941		4,941
3/1/2041	4,941		4,941
6/1/2041	4,941		4,941
9/1/2041	4,941		4,941
12/1/2041	4,941		4,941
3/1/2042	4,941		4,941
6/1/2042	4,941		4,941
9/1/2042	4,941		4,941
12/1/2042	4,941		4,941
3/1/2043	4,941		4,941
6/1/2043	4,941		4,941
9/1/2043	4,941		4,941
12/1/2043	4,941		4,941
3/1/2044	4,941		4,941
6/1/2044	4,941		4,941
9/1/2044	4,941		4,941
12/1/2044	4,941		4,941
3/1/2045	4,941		4,941
6/1/2045	4,941		4,941
9/1/2045	4,941		4,941
12/1/2045	4,941		4,941
3/1/2046	4,941		4,941
6/1/2046	4,941		4,941
9/1/2046	4,941		4,941
12/1/2046	4,941		4,941
3/1/2047	4,941		4,941
6/1/2047	4,941		4,941
9/1/2047	4,941		4,941

Town of Masontown  
 IF  
 \$760,987  
 0% Interest Rate  
 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
12/1/2047	4,941		4,941
3/1/2048	4,941		4,941
6/1/2048	4,941		4,941
9/1/2048	4,941		4,941
12/1/2048	4,941		4,941
3/1/2049	4,941		4,941
6/1/2049	4,941		4,941
9/1/2049	4,941		4,941
12/1/2049	4,941		4,941
3/1/2050	4,941		4,941
6/1/2050	4,941		4,941
9/1/2050	4,941		4,941
12/1/2050	4,941		4,941
3/1/2051	4,941		4,941
6/1/2051	4,941		4,941
9/1/2051	4,941		4,941
12/1/2051	4,942		4,942
	<b>760,987</b>		<b>760,987</b>

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_



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

Writer's Contact Information

December 22, 2011

Town of Masontown  
Water Revenue Bonds, Series 2011 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 in connection with the issuance by the Town of Masontown (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$760,987 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 22, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013, to and including December 1, 2051, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public water system of the Issuer (the "Project"); (ii) funding the Series 2011 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on September 14, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 14, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System on a parity with the Issuer's (i) Water Revenue Bonds, 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"); (ii) Water Revenue Bonds, Series 1988 (United States Department of Agriculture), dated February 14, 1989, issued in the original aggregate principal amount of \$650,000 (the "Series 1988 Bonds"); (iii) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 12, 2007, issued in the original aggregate principal amount of \$815,500 (the "Series 2007 A Bonds"); and (iv) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated March 12, 2007, issued in the original aggregate principal amount of \$635,500 (the "Series 2007 B Bonds"), (collectively, the "Prior Bonds").

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON 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

December 22, 2011

Town of Masontown  
Water Revenue Bonds, Series 2011 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

Steptoe & Johnson PLLC  
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Masontown in Preston County, West Virginia (the "Issuer"), in connection with the above-captioned bond issue. As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement dated December 22, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a Bond Ordinance duly enacted by the Issuer on September 14, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 14, 2011, (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 Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.
3. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and,

assuming due authorization, execution and delivery by the Authority, and the Council constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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 any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, exemptions, consents, registrations, certificates and authorizations required by law 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 Bureau for Public Health, 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 ordinances prescribing such rates and charges. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal.

6. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on March 16, 2011, which became a Final Order on April 5, 2011, in Case No. 10-1532-W-CN, granting the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof. Such Order remains in full force and effect.

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

8. I have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. 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 (i) are in compliance with the contracts; (ii) are adequate in form, substance and amount to protect the various interests of the Issuer; (iii) have been executed by duly authorized representatives of the proper parties; (iv) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (v) 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.

Sincerely,



Sheila Kae Williams

Legal Counsel for Town of Masontown

*Sheila Kae Williams*

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314

202 TUNNELTON STREET

*Kingwood, West Virginia 26597*

(304) 329-1173

(304) 329-1203 FAX

December 22, 2011

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

West Virginia Department of  
Environmental Protection  
Office of Abandoned Mined Lands  
105 S. Railroad Street  
Philippi, WV 26416  
ATTN: Eric Coberly, P.E.

Re: Final Title Opinion for the Town of  
Masontown Water Project

Dear Mr. Ellars and Mr. Coberly:

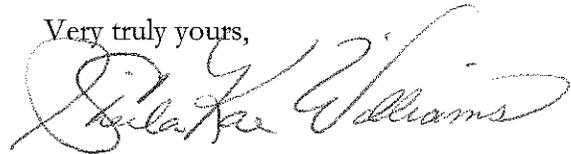
This law firm is counsel to the Town of Masontown (the "Issuer") in connection with a proposed project to construct certain additions and improvements to its water system, including extension of waterlines to service 94 new customers in and around Masontown, Preston County, West Virginia (the "Project"). I am providing this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. I am of the opinion that the 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 of 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, Inc., the consulting engineers for the Project.
4. I have examined the records on file in the Office of the Clerk of the County Commission of Monongalia County (the county where the tank will be located) and the Office of the Clerk of the County Commission of Preston County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in

all of the required and necessary site components for the Project, as well as having acquired legal title or such other estate or interest necessary for 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. All rights-of-way were obtained voluntarily, with the exception of one obtained through summary proceeding and one through eminent domain. A right-of-entry Order has been obtained and recorded for the condemnation proceeding and a right-of-way was executed in accordance with the Order for Summary Proceeding.

5. All easements and rights of way have been acquired by the Issuer and have been duly recorded in the Office of the Clerk of the County Commission of Preston County to protect the legal title to and interest of the Issuer. Furthermore, the deed required for the tank site within this project has been duly recorded in the Office of the Clerk of the County Commission of Monongalia County to protect title to and interest of the Issuer.

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 and title.

Sheila Kae Williams

Legal Counsel for the Town of Masontown

xc: Thrasher Engineering  
Town of Masontown

TOWN OF MASONTOWN

Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

On this 22nd day of December, 2011, we, the undersigned MAYOR and RECORDER of the Town of Masontown in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the Town of Masontown Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2011 A 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 in the Bond Ordinance of the Issuer duly enacted on September 14, 2011, and the Supplemental Resolution duly adopted December 14, 2011 (collectively, the "Bond Legislation").

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

Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the loan agreement (the "Loan Agreement") entered into by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"). The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, 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"); (ii) Water Revenue Bonds, Series 1988 (United States Department of Agriculture), dated February 14, 1989, issued in the original aggregate principal amount of \$650,000 (the "Series 1988 Bonds"); (iii) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 12, 2007, issued in the original aggregate principal amount of \$815,500 (the "Series 2007 A Bonds"); and (iv) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated March 12, 2007, issued in the original aggregate principal amount of \$635,500 (the "Series 2007 B Bonds") (collectively, the "Prior Bonds").

The Series 2011 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all 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 2011 A 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 the 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

Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance

Minutes on Adoption and Enactment of Water Rate Ordinance

Affidavits of Publication of Rate Ordinance and Notice of Public Hearing

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

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

Evidence of Insurance

Bureau for Public Health

Consent of WDA

Consent of USDA

Evidence of AML Grant

West Virginia Infrastructure Council Grant Agreement

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "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, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Lydia Main, Mayor	July 1, 2011	June 30, 2013
James Cotrell, Recorder	August 10, 2011	June 30, 2013
Roxie Turner, Councilmember	July 1, 2011	June 30, 2013

Curtis Dalton, Councilmember	July 1, 2011	June 30, 2013
Luther Thraser, Councilmember	July 1, 2011	June 30, 2013
Marvin Stuck, Councilmember	July 1, 2011	June 30, 2013
vacant		

The duly appointed and acting Counsel to the Issuer is Sheila Williams, Esquire, of 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, operation and financing of the Project or 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. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation is in full force and effect.

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

The Issuer will serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without

the prior written approval of the Board of the Water Development Authority. Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

11. INSURANCE. The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Loan Agreement. All insurance for the System required by the Resolution and the Loan Agreement are in full force and effect.

12. VERIFICATION OF SCHEULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

13. RATES: The Issuer has duly enacted a water rate ordinance on June 17, 2010 setting forth the respective rates and charges for the services of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal, and such rate ordinance is currently in effect.

14. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by 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 her manual signature, and the Registrar did officially authenticate, register 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.

15. BOND PROCEEDS: On the date hereof, the Issuer received \$229,920.37 from the Authority and the Council, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

16. 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 newspaper published and of general circulation in the Town of Masontown, 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 the Governing Body on the 14th day of September, 2011, at 6:00 pm, at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

17. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia in Case No. 10-1532-W-CN

entered on March 16, 2011 which became final order on April 5, 2011, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof. Such Order is in full force and effect.

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

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

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.

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WITNESS our signatures and the official seal of the TOWN OF MASONTOWN as of the date first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

*Lydia Main*

Mayor

*J. A. [unclear]*

Recorder

*Shala Lee Williams*

Counsel to Issuer

561890.00004

TOWN OF MASONTOWN

Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

On this 22nd day of December, 2011, I, Matthew W. Fluharty, Registered Professional Engineer, West Virginia License No.016375, of Thrasher Engineering, Inc., Consulting Engineers, in 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 water system (the "System") of the Town of Masontown (the "Issuer"), to be constructed in Preston County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Series 2011 A Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on September 14, 2011, and the Supplemental Resolution adopted by the Issuer on December 14, 2011, and the loan agreement dated December 22, 2011 (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").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) funding the Series 2011 A Bonds Reserve Account; and (iii) paying costs of issuance 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 Council and all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 40 years, 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 described in 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 successful bidders have provided the drug-free workplace affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) 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; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) 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; (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 Costs of Financing" for the Project.

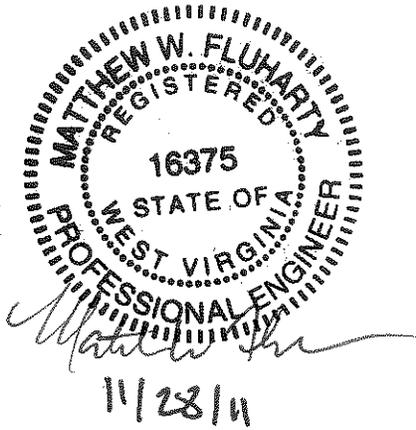
4. The Project has been designed to, and the construction contracts provide for, water service for up to 96 customers in the Bull Run, North Union Community and Rohr Road areas.

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WITNESS my signature and seal as of the date first written above.

THRASHER ENGINEERING, INC.

[SEAL]



*Matthew W. Fluharty*

Matthew W. Fluharty, P.E.  
West Virginia License No. 016375

561890.00004

Schedule B

Town of Masontown

AML Water Line Extension Project

IJDC #2009W-1078

		Total	DEP-AML	Gov. Cont. Grant	IJDC Loan*	Local Grant
<b>A. Cost of Project</b>						
<b>1. Construction</b>						
Contract 1	78.60%	523,572	411,528	112,044	0	0
Contract 2	85.20%	813,307	692,938	120,369	0	0
Contract 3	84.10%	269,173	226,374	42,799	0	0
Contract 4		249,174	0	66,548	182,626	0
Change orders		55,000	0	55,000	0	0
<b>2. Technical Services (Thrasher)</b>						
Planning		25,000	0	0	25,000	0
Design		250,000	0	0	180,000	70,000
Inspection Services		120,000	0	0	120,000	0
Special Services		25,000	0	0	25,000	
<b>3. Legal &amp; Fiscal</b>						
Legal - Sheila Williams		30,000	0	0	30,000	0
Accountant - Nancy Roth		5,000	0	0	5,000	0
<b>4. Administrative</b>						
5. Permits and Fees (DOH & DEP)		29,000	0	0	29,000	0
6. Sites and Other Lands		10,000	0	0	10,000	0
7. Construction Contingen	5%	94,093	0	0	94,093	0
8. Total of Lines 1 through 7		2,523,319	1,330,840	396,760	725,719	70,000
<b>B. Cost of Financing</b>						
9. Funded Reserve Accour		19,768	0	0	19,768	
10. Registrar Fees		500	0	0	500	
11. Bond Counsel		15,000	0	0	15,000	0
12 Cost of Financing		35,268	0	0	35,268	0
13 TOTAL Cost of Project		2,558,587	1,330,840	396,760	760,987	70,000
<b>C. Sources of Funds</b>						
14 Federal Grants (AML)		1,330,840	1,330,840	0	0	0
15 Other Grants (Gov. Cont. Grant)		396,760		396,760		
16 Any Other Source (local)		70,000	0			70,000
17 Total Grants		1,797,600	1,330,840	396,760	0	70,000
18 Net Proceeds Required from Bond		760,987	0	0	760,987	0

\*IJDC loan reduced due to bid underrun. Amount committed was \$801,490

  
 TOWN OF MASONTOWN

  
 THRASHER ENGINEERING, INC

12/22/2011  
 DATE:

12/22/2011  
 DATE:

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

December 22, 2011

Town of Masontown  
Water Revenue Bonds, Series 2011 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

United States Department of Agriculture  
Morgantown, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the water rate ordinance dated June 17, 2010 and the current operation and maintenance expenses and customer usage as furnished to us by the Town of Masontown (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 (the "System") of the Issuer, will (i) pay all repair, operation and maintenance expenses of the System, and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority in the principal amount of \$760,987, and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's: (i) Water Revenue Bonds, 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"); (ii) Water Revenue Bonds, Series 1988 (United State Department of Agriculture), dated February 14, 1989, issued in the original aggregate principal amount of \$650,000 (the "Series 1988 Bonds"); (iii) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 12, 2007, issued in the original aggregate principal amount of \$815,500 (the "Series 2007 A Bonds"); and (iv) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated March 12, 2007, issued in the original aggregate principal amount of \$635,500 (the "Series 2007 B Bonds"), (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2011 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2011 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual

issuance of the Series 2011 A 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 the Series 2011 A 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 of and interest on the Prior Bonds and the Series 2011 A Bonds.

Sincerely,

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 2011 A  
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 22nd day of December, 2011, 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 \$760,987 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated December 22, 2011 (the "Bonds" or the "Series 2011 A Bonds"), hereby certifies 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 September 14, 2011, as supplemented by Supplemental Resolution duly enacted by the Issuer on December 14, 2011, (collectively, 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 December 22, 2011, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Series 2011 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2011 A Bonds were sold on December 22, 2011, to the Authority, pursuant to a Loan Agreement dated December 22, 2011, by and among the Issuer, the Authority and the Council, for an aggregate purchase price of \$760,987 (100% of par), at which time, the Issuer received \$229,920.37 from the Authority and the Council, being the first advance of the principal amount of the Series 2011 A Bonds. No accrued interest has been or will be paid on the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2011 A 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 water of the Issuer (the "Project"), (ii) funding the reserve account for the Series 2011 A Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the 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 Series 2011 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before April 1, 2013. The acquisition and construction of the Project is expected to be completed by October 1, 2012.

8. The total cost of the Project is estimated at \$2,558,587. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2011 A Bonds	\$760,987
Proceeds of the AML Grant	\$1,330,840
Proceeds from State Grants	\$466,760
Total Sources	<u>\$2,558,587</u>

USES

Costs of Project	\$2,523,319
Fund Series 2011 A Bonds Reserve Account	\$19,768
Costs of Issuance	\$15,500
Total Uses	<u>\$2,558,587</u>

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created relative to the Series 2011 A Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2011 A Bonds Construction Trust Fund;
- (4) Series 2011 A Bonds Sinking Fund; and
- (5) Series 2011 A Bonds Reserve Account.

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

(1) From the proceeds of the Series 2011 A Bonds, there shall first be deposited with the Commission in the Series 2011 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 2011 A Bonds for the period commencing on the date of issuance of the Series 2011 A Bonds and ending 6 months after the estimated date of completion of construction of the Project;

(2) Next, from the proceeds of the Series 2011 A Bonds, there shall be deposited with the Commission in the Series 2011 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2011 A Bonds Reserve Account.

(3) The remaining proceeds of the Series 2011 A Bonds shall be deposited in the Series 2011 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 2011 A Bonds and related costs.

11. Moneys held in the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of the Series 2011 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2011 A Bonds Sinking Fund and Series 2011 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2011 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.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 9 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2011 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

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

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

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

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

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

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

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

23. The Issuer has either (a) funded the Series 2011 A 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 2011 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2011 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2011 A Bonds Reserve Account and the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

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

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature as of the date first written above.

TOWN OF MASONTOWN

By: *Lydea Main*  
Its: Mayor

12.01.11  
561890.00004

INCORPORATION OF TOWN OF MASONTOWN  
+++++

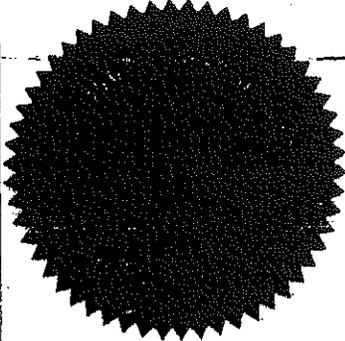
STATE OF WEST VIRGINIA,

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. Hart-  
ley'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  $12^{\circ}$  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.  $88\frac{1}{2}^{\circ}$  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. 36.4 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.  $69^{\circ} 41'$  E. 120.8 poles to the beginning, containing  
one hundred and seventy four and ninety two one hundredth acres,  
(174.92) and lying in the District of Valley, County of Preston and  
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

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.

*Geo. S. Hall*  
Clerk.

*Filed 07/11/05*

*Book # 2*

*Page # 49*

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 special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

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

Adopted this 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, JAMES COTTRELL, 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.

  
\_\_\_\_\_  
JAMES COTTRELL

Subscribed and sworn before me, the Undersigned, this 22<sup>nd</sup>. Day of June, 2011.

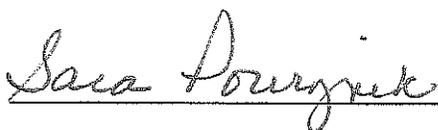
  
\_\_\_\_\_  
Lydia Main, Mayor

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, SARA POWROZNIK, 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.

  
\_\_\_\_\_

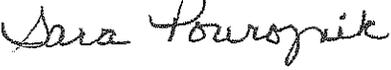
SARA POWROZNIK

Subscribed and sworn before me, the Undersigned, this 22<sup>nd</sup>. Day of June, 2011.

  
\_\_\_\_\_

Lydia Main, Mayor

Resigned 7/13/2011

TO: Town of Masontown, Town Council  
FROM: Sara Powroznik   
DATE: July 13, 2011  
SUBJECT: Resignation

Effective immediately I am resigning from my position as Recorder for the Town of Masontown. It has been a great pleasure working with all of you and the community.

**TOWN OF MASONTOWN**  
**TOWN COUNCIL MEETING MINUTES**

**August 10, 2011**

Mayor Lydia Main presided over the meeting. Members attending, in addition to the mayor, were Jimmy Cottrell, Mick Thrasher, Marvin Stuck, and Roxie Turner. Town Clerk, Donna Montgomery, took the minutes of the meeting.

Donna read the minutes of the last meeting. Marvin made the motion to accept the minutes; Roxie seconded the motion; motion passed.

Mayor Main swore in James Cottrell as the new town recorder.

Town resident, Phil Turner, discussed a parachute type object that landed in his yard this past weekend. It was ignited and was burning when he found it. Donna explained that these are ignited and let go at weddings, etc. as a way of celebrating. She would make sure that if that is what happened, that the fire department would be notified and suggest that they ban them from their property, as this is where many wedding receptions occur.

**OLD BUSINESS**

The Bretz sewer project discussed last meeting has not yet been done. This will be brought up at the sewer meeting tomorrow.

Mick told of a room addition that the residents of the Costello house on Depot Way want to do. He stated that they met distance requirements, etc.

Donna is to send Tim Trader a letter concerning the junk piled behind the house on East Street. He is the tenant in the Dalton house.

Lydia reported that the assistant fire marshal has not returned her call concerning the McMillion property on Main St. Someone is, however, cleaning out the interior of the building.

TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542

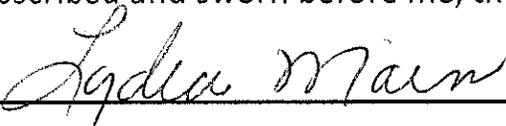
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STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN—TO WIT

I, JAMES COTTRELL, 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.

  
\_\_\_\_\_  
James Cottrell

Subscribed and sworn before me, the Undersigned, this 10<sup>th</sup>. Day of August, 2011.

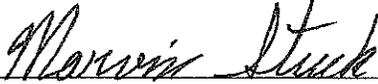
  
\_\_\_\_\_  
Lydia Main, Mayor

TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555

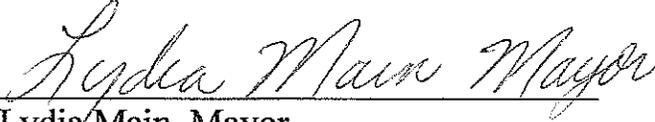
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STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT

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 before me, the Undersigned, this 22<sup>nd</sup>. Day of June, 2011.

  
\_\_\_\_\_  
Lydia Main, Mayor

TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555

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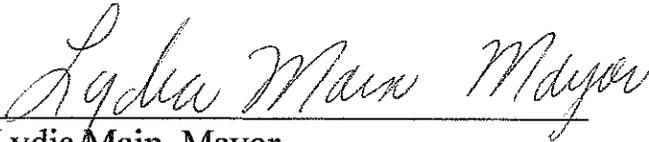
STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT

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 before me, the Undersigned, this 22<sup>nd</sup>. Day of June, 2011.



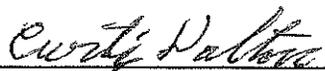
Lydia Main, Mayor

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, CURTIS DALTON, 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.

  
\_\_\_\_\_

CURTIS DALTON

Subscribed and sworn before me, the Undersigned, this 22<sup>nd</sup>. Day of June, 2011.

  
\_\_\_\_\_

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, 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 before me, the Undersigned, this 22<sup>nd</sup>. Day of June, 2011.

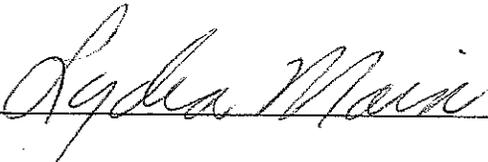
  
\_\_\_\_\_  
Lydia Main, Mayor

TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN, WV 26542  
304-864-5555

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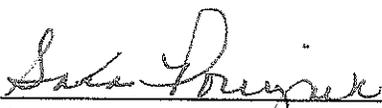
STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT

I, 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 before me, the Undersigned, this 22<sup>nd</sup>. Day of June, 2011.

  
\_\_\_\_\_

Sara Powroznik, Recorder

Rates after substantial completion

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	\$8.61 per 1000 gallons
Next 5,000 gallons	\$5.52 per 1000 gallons
Next 8,000 gallons	\$4.67 per 1000 gallons
Next 10,000 gallons	\$4.11 per 1000 gallons
Next 25,000 gallons	\$3.37 per 1000 gallons
All Over 50,000 gallons	\$2.62 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$17.22 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                      \$ 17.22 per month

1 inch meter	\$ 43.06 per month
1 1/2 inch meter	\$ 86.11 per month
2 inch meter	\$137.78 per month
3 inch meter	\$258.33 per month
4 inch meter	\$430.55 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>
<del>First 2,000 gallons</del>	<del>\$11.22 per 1000 gallons</del>
Next 5,000 gallons	\$ 7.29 per 1000 gallons
Next 8,000 gallons	\$ 6.35 per 1000 gallons
Next 10,000 gallons	\$ 6.00 per 1000 gallons
Next 25,000 gallons	\$ 5.23 per 1000 gallons
All Over 50,000 gallons	\$ 2.81 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$22.44 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	\$ 22.44 per month
1 inch meter	\$ 50.48 per month
1 1/2 inch meter	\$100.95 per month
2 inch meter	\$161.52 per month
3 inch meter	\$302.84 per month
4 inch meter	\$504.73 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

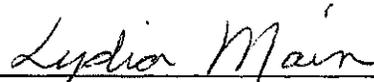
The rates, charges and delayed payment penalty provided herein shall become effective forty-five (45) days after final enactment hereof.

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 6. 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 17th day of June, 2010, 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: May 27, 2010

Second Reading: June 17, 2010

# TOWN OF MASONTOWN REGULAR MEETING

MAY 27, 2010

The Town of Masontown met in regular session at the Town Hall at 6:00 p.m. The meeting was called to order by Mayor Lydia Main. Members present were Jimmy Cottrell, Mick Thrasher, Marvin Stuck, Sara Powroznik, Roxie Turner and Curtis Dalton.

The minutes of April 14, 2010 and May 12, 2010 were read. Minutes were questioned concerning Ordinance #41. It was clarified that Ordinance # 33 is to be amended and re-enacted and will be included in Ordinance #41. Minutes approved.

## OLD BUSINESS:

Second reading of Ordinance #34 was not performed because the ordinance reading was not on the agenda.

Discussion on how many building permits that were issued in the last few weeks.

Discussion on the cost of the Town of Masontown mowing grass on private property. Roxie reported that she would make sure this was included in the ordinance so that all fees would be clarified.

## NEW BUSINESS:

Mayor main discussed the engineer advertisement for the Sanitary Board. Mayor Main read the minutes of the Sanitary Board of May 12, 2010. Discussion on the cross connection at the plant.

Mayor Main gave the first reading on the water rate increase Ordinance #93. A water rate increase of 9% is recommended from the PSC. The increase will not go into effect until after completion of the AML Project. Motion was made and second for the first reading of Ordinance #93. ✓

## COMMITTEE REPORTS:

Finance - Marvin reported that business license line is under budget. Mayor Main stated that we do not have the businesses that were once here in Town. Mayor Main also reported that more would be lost due to the VFW moving out of the Corporation.

Police - Mick reported that the resume for a police officer position was not certified. Mayor Main would like to have another policeman. Feels that during the All Good Festival we would need the extra officer.

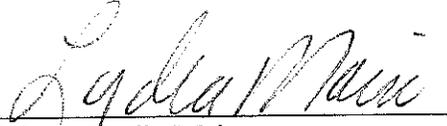
OTHER BUSINESS:

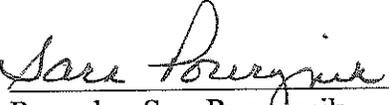
Discussion on Josephine's yard on Depot Street.

It was reported that a Town Employee was using fowl language. It was determined that the employee was working for the Sanitary Board. Mick is to discuss this matter with the employee.

Mayor Main gave a Treasurer Report. Motion was made and second to pay all bills.

Meeting adjourned at 7:25 p.m.

  
\_\_\_\_\_  
Mayor Lydia Main

  
\_\_\_\_\_  
Recorder, Sara Powroznik

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

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Next 10,000 gallons	\$4.11 per 1000 gallons
Next 25,000 gallons	\$3.37 per 1000 gallons
All Over 50,000 gallons	\$2.62 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$17.22 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	\$ 17.22 per month
------------------------------------	--------------------

1 inch meter	\$ 43.06 per month
1 1/2 inch meter	\$ 86.11 per month
2 inch meter	\$137.78 per month
3 inch meter	\$258.33 per month
4 inch meter	\$430.55 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	\$11.22 per 1000 gallons
Next 5,000 gallons	\$ 7.29 per 1000 gallons
Next 8,000 gallons	\$ 6.35 per 1000 gallons
Next 10,000 gallons	\$ 6.00 per 1000 gallons
Next 25,000 gallons	\$ 5.23 per 1000 gallons
All Over 50,000 gallons	\$ 2.81 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$22.44 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	\$ 22.44 per month
1 inch meter	\$ 50.48 per month
1 1/2 inch meter	\$100.95 per month
2 inch meter	\$161.52 per month
3 inch meter	\$302.85 per month
4 inch meter	\$504.73 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

#### 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

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 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 17th day of June, 2010, 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 Mann, Mayor

Attest:

  
Recorder

First Reading: May 27, 2010

Second Reading: \_\_\_\_\_

TOWN OF MASONTOWN SPECIAL MEETING

JUNE 17, 2010

The Town of Masontown met in a special session at the Town Hall at 6:00 p.m. The meeting was called to order by Mayor Lydia Main. Members present were Jimmy Cottrell, Mick Thrasher, Sara Powroznik, Roxie Turner and Curtis Dalton.

Second Reading of Ordinance # 93 - Fixing New Rates, Fees, Charges and Delayed Payment Penalty Charges for Service to Customers of the Waterworks System of the Town of Masontown. ✓

Increase will not go into effect until the AML Project is complete.

Motion made and approved.

Council approved the Water Board Application of Roger Street for the Term Beginning July 1, 2010 and Ending June 30, 2013.

Meeting adjourned at 6:15 p.m.

Lydia Main  
Mayor

Sara Powroznik, Recorder

**TOWN OF MASONTOWN  
MIDWAY AVENUE  
PO BOX 340  
MASONTOWN, WV 26542  
PHONE: 304-864-5555  
Fax: 304-864-5561  
Email - [masantownwww@atlanticbb.net](mailto:masantownwww@atlanticbb.net)**

# **SPECIAL MEETING**

**Thursday, June 17, 2010  
6:00 P.M.  
Masontown Town Hall**

**SECOND READING - WATER RATE ORDINANCE**

**APPROVE WATER BOARD APPLICATION FOR TERM  
BEGINNING JULY 1, 2010, AND ENDING JUNE 30, 2013**

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	\$8.61 per 1000 gallons
Next 5,000 gallons	\$5.52 per 1000 gallons
Next 8,000 gallons	\$4.67 per 1000 gallons
Next 10,000 gallons	\$4.11 per 1000 gallons
Next 25,000 gallons	\$3.37 per 1000 gallons
All Over 50,000 gallons	\$2.62 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$17.22 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	\$ 17.22 per month
------------------------------------	--------------------

1 inch meter	\$ 43.06 per month
1 1/2 inch meter	\$ 86.11 per month
2 inch meter	\$137.78 per month
3 inch meter	\$258.33 per month
4 inch meter	\$430.55 per month

SECTION 2. SCHEDULE OF RATES AND CHARGES OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF MASON TOWN

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	\$11.22 per 1000 gallons
Next 5,000 gallons	\$ 7.29 per 1000 gallons
Next 8,000 gallons	\$ 6.35 per 1000 gallons
Next 10,000 gallons	\$ 6.00 per 1000 gallons
Next 25,000 gallons	\$ 5.23 per 1000 gallons
All Over 50,000 gallons	\$ 2.81 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$22.44 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	\$ 22.44 per month
1 inch meter	\$ 50.48 per month
1 1/2 inch meter	\$100.95 per month
2 inch meter	\$161.52 per month
3 inch meter	\$302.85 per month
4 inch meter	\$504.73 per month

SCHEDULE 3. OTHER APPLICABLE RATES AND CHARGES TO ALL CUSTOMERS WITHIN THE TOWN OF MASON TOWN AND OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF MASON TOWN

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

#### 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.

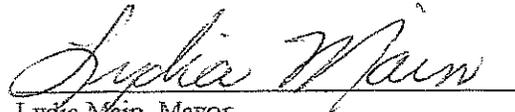
#### SECTION 4. EFFECTIVE DATE

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 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 17th day of June, 2010, 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: May 27, 2010

Second Reading: June 17, 2010

**TOWN OF MASONTOWN  
MIDWAY AVENUE  
PO BOX 340  
MASONTOWN, WV 26542  
PHONE: 304-864-5555  
Fax: 304-864-5561  
Email - [masontownww@atlanticbb.net](mailto:masontownww@atlanticbb.net)**

***APPLICATION FOR MEMBERSHIP  
ON THE  
MASONTOWN WATER COMMISSION***

**TO WHOM IT MAY CONCERN:**

**I HEREBY SUBMIT MY APPLICATION FOR MEMBERSHIP ON  
THE MASONTOWN WATER COMMISSION FOR THE NEXT THREE  
YEARS, STARTING JULY 1, 2010, AND ENDING JUNE 30, 2013.**

  
\_\_\_\_\_  
Signature

5/26/10  
\_\_\_\_\_  
Date Signed

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 SET 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 waterworks 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 services.

**RATES**

Customers with metered water supply served within the Municipality of Masontown.

Number of Gallons/Month	Rate
First 2,000 gallons	\$8.61 per 1,000 gallons
Next 5,000 gallons	\$9.52 per 1,000 gallons
Next 8,000 gallons	\$4.67 per 1,000 gallons
Next 10,000 gallons	\$4.11 per 1,000 gallons
Next 25,000 gallons	\$3.37 per 1,000 gallons
All Over 50,000 gallons	\$2.82 per 1,000 gallons

**MINIMUM CHARGE**

No bill shall be rendered for less than \$17.22 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	\$17.22 per month
1 inch meter	\$43.08 per month
1 1/2 inch meter	\$96.11 per month
2 inch meter	\$137.78 per month
3 inch meter	\$258.33 per month
4 inch meter	\$430.55 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 services.

**RATES**

Customers with metered water supply served without the Municipality of Masontown.

Number of Gallons/Month	Rate
First 2,000 gallons	\$11.22 per 1,000 gallons
Next 5,000 gallons	\$7.29 per 1,000 gallons
Next 8,000 gallons	\$6.35 per 1,000 gallons
Next 10,000 gallons	\$6.00 per 1,000 gallons
Next 25,000 gallons	\$5.23 per 1,000 gallons
All Over 50,000 gallons	\$2.91 per 1,000 gallons

**MINIMUM CHARGE**

No bill shall be rendered for less than \$22.44 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	\$22.44 per month
1 inch meter	\$50.48 per month
1 1/2 inch meter	\$100.85 per month
2 inch meter	\$161.52 per month
3 inch meter	\$302.85 per month
4 inch meter	\$504.73 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 90 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 \$380.00 will be made for every new subscriber requiring a new connection for meters one inch or less.

Where new connections involve meters larger than one inch, the new connection will be \$50.00 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 penalties, 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**

\$1.50 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 severable, 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 here of, 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 6. 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, beginning with its issue of 6/2/10 and expiring with its issue of 6/9/10

**Publication**

I, Carol Peters, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

**Water Rates**

a copy of which notice is hereto annexed, was published in said paper for two successive weeks, beginning with its issue of 6/2/10

and expiring with its issue of 6/9/10

And, I do further certify that on 6/9/10

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

*Carol Peters*

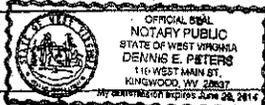
ADVERTISING MANAGER

Subscribed and sworn to before me this the

9th day of June, 2010

*Dennis E. Peters*  
NOTARY PUBLIC

My commission expires 6/29/2014



I, WV

or publishing notice hereto \$

ADVERTISING MANAGER

effective date here of, 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 6. 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 17th day of June, 2010, 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 May 27, 2010. Any person interested may appear before the Council of the Town of Masontown, at the Masontown Town Hall, Masontown, West Virginia, on the 17th day of June, 2010 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 Water Clerk, Masontown Water Office, West Virginia Route 7, Masontown, West Virginia.

Lydia Main, Mayor  
6/2/2010

**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	\$8.61 per 1,000 gallons
Next 5,000 gallons	\$5.82 per 1,000 gallons
Next 8,000 gallons	\$4.67 per 1,000 gallons
Next 10,000 gallons	\$4.11 per 1,000 gallons
Next 25,000 gallons	\$3.37 per 1,000 gallons
All Over 50,000 gallons	\$2.82 per 1,000 gallons

**MINIMUM CHARGE**

No bill shall be rendered for less than \$17.22 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	\$17.22 per month
1 inch meter	\$43.08 per month
1 1/2 inch meter	\$88.11 per month
2 inch meter	\$137.76 per month
3 inch meter	\$288.33 per month
4 inch meter	\$430.85 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	\$11.22 per 1,000 gallons
Next 5,000 gallons	\$7.26 per 1,000 gallons
Next 8,000 gallons	\$6.35 per 1,000 gallons
Next 10,000 gallons	\$6.00 per 1,000 gallons
Next 25,000 gallons	\$5.23 per 1,000 gallons
All Over 50,000 gallons	\$2.81 per 1,000 gallons

**MINIMUM CHARGE**

No bill shall be rendered for less than \$22.44 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	\$22.44 per month
1 inch meter	\$50.48 per month
1 1/2 inch meter	\$100.85 per month
2 inch meter	\$161.62 per month
3 inch meter	\$302.85 per month
4 inch meter	\$504.73 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 services 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 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 services.

(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 severable, 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 here of, 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 8. STATUTORY NOTICE AND PUBLIC HEARING**

**Publication**

Carol Peters, Advertising Manager of the Masontown County News, a weekly newspaper of general circulation, published at Kingwood, Masontown County, West Virginia, do hereby certify that the annexed public notice

Water Rate Increase

has been published for two successive weeks in said newspaper, beginning with its issue of 5/29/10

and expiring with the issue of 6/5/10

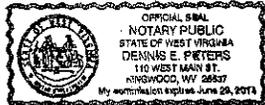
and I do further certify that on 6/5/10

*Carol Peters*  
ADVERTISING MANAGER

born to and subscribed before me this the 7th day of June, 2010

*Darwin E. Peters*  
NOTARY PUBLIC

My commission expires 6/29/2017



become effective forty-five (45) days after final enactment hereof.

**SECTION 5. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES**

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**SECTION 8. 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 17th day of June, 2010, 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 May 27, 2010. Any person interested may appear before the Council of the Town of Masontown, at the Masontown Town Hall, Masontown, West Virginia, on the 17th day of June, 2010 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 Water Clerk, Masontown Water Office, West Virginia Route 7, Masontown, West Virginia.

Lydia Main, Mayor  
6/29/2010

*Sheila Kae Williams*

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314  
202 TUNNELTON STREET

*Kingwood, West Virginia 26537*

(304) 329-1173

(304) 329-1203 FAX

June 19, 2010

Public Service Commission of  
West Virginia  
201 Brooks Street  
P. O. Box 812  
Charleston, WV 25323  
ATTN: Sandra Squire  
Executive Secretary

ORDW Masontown IOA

RECEIVED  
2010 JUL 21 AM 8 16  
W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

Re: Water Rate Ordinance

Dear Ms. Squire:

The Town of Masontown, Preston County, West Virginia, did on the 17th day of June, 2010, adopt an Ordinance setting forth new rate charges for customers of the water system. Per 150 CSR 2 in regard to the Municipal Rate Ordinance, various documents were previously filed with the PSC.

Enclosed herewith please find the remaining items required prior to approval of the water rate ordinance together with 12 copies of each item:

- 1) An affidavit of the Mayor verifying the posting for a period of thirty plus days of the adoption of the proposed rate change at the business location of the water department.
- 2) Two affidavits of a Class II-0 Legal Advertisement that conforms with Tariff Form No. 12.

Should you need any additional information, please advise. We would appreciate immediate review of this matter. Thank you for your concern in this matter.

Very truly yours,

*Sheila Kae Williams*  
Sheila Kae Williams

encl.

# Certificate of Publication

## 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 June 17, 2010, a tariff containing increased rates, tolls and charges for furnishing water service to the customers of the Town of Masontown water system in Preston County, West Virginia.

The proposed increased rates and charges will become effective upon the substantial completion of the new water line extensions to be built as a part of a water project which shall be more than forty-five (45) days after final enactment hereof, unless otherwise ordered by the Public Service Commission ("the Commission") and will produce approximately \$58,200.00 annually in additional revenue, an overall increase of 9%. The average monthly bill for the various classes of customers will be changed as follows:

	(\$ INCREASE	INCREASE (%)
Residential (within Municipality)	\$1.55	9%
Commercial (outside Municipality)	\$2.03	9%
Industrial	N/A	N/A
Resale	N/A1	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 the 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; or

(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 Albright. 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 Masontown Water Office, 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.

6/30,7/14

Kingwood, WV

Received of \_\_\_\_\_

Amount for publishing notice hereto \$ \_\_\_\_\_

I, **Carol Peters**, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Water Rate Increase

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 6/30/10

and expiring with its issue of 7/14/10

And, I do further certify that on 7/14/10  
(Office Closed wk. of 7/4/10 Vacation)  
I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

*Carol Peters*

ADVERTISING MANAGER

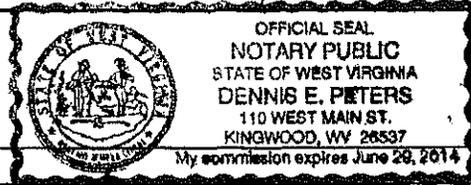
Subscribed and sworn to before me this the

14<sup>th</sup> day of July, 2010

*Dennis E. Peters*

NOTARY PUBLIC

My commission expires 9/29/2014



ADVERTISING MANAGER

# Certificate of Publication

## LEGAL NOTICE

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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 the 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; or

(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 Albright. 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 Masontown Water Office, 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.

7/3/17

I, **Carol Peters**, Advertising Manager of The Preston County News, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the annexed public notice

Water Change Rates

has been published for Two successive weeks in said newspaper, beginning with its issue of 7/3/10

and expiring with the issue of 7/17/10

And, I do further certify that on 7/17/10 (Closed For Vacation Wk. 7-4-10)

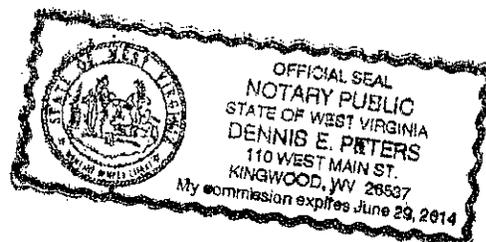
*Carol Peters*

ADVERTISING MANAGER

Sworn to and subscribed before me this the 17<sup>th</sup> day of July, 2010

*Dennis E. Peters*  
NOTARY PUBLIC

My commission expires 6/29/2014



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION,  
DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned RECORDER of the Town of Masontown of hereby certifies that the following is a true and correct excerpt of the minutes of regular meetings of the said Council:

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The Council of the Town of Masontown met in regular session, pursuant to notice duly posted, on the 14th day of December, 2011, in Preston County, West Virginia, at the hour of 6:00 p.m.

Lydia Main, Mayor, presided, and Sara Powroznik, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF MASONTOWN; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING A BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Roxie Turner and seconded by Marvin Stuck, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Marvin Stuck and seconded by Roxie Turner, it was unanimously ordered that the said Sweep 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.

[Remainder of Page Intentionally Blank]

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 22nd day of December, 2011.

  
\_\_\_\_\_  
Recorder

# TOWN OF MASONTOWN

## TOWN COUNCIL MINUTES

September 14, 2011

Town of Masontown met in regular session at town hall. The meeting was called to order by mayor Lydia Main. Members present were Mick Thrasher, Marvin Stuck, Jimmy Cottrell, Roxie Turner, and Curtis Dalton.

The minutes of the August 24, 2011 meeting were read and approved.

John Stump from Steptoe and Johnson was in attendance for the public hearing concerning the AML water project. John opened the floor for discussion from the public. No one in attendance commented or asked questions. Marvin made the motion to accept the water revenue bonds ordinance. Mick second, motion passed. ✓

Old business: Grass cutting letters. Grass is being gradually cut across town.

McMillion burned out building: He has cleaned out some but not all of the building. Donna is to mail him a letter.

New business: Mike Ennis is concerned for junked vehicles next to his property. Discussion followed on ordinance 34 which is to contain information on this. Donna is to mail the property owner a letter concerning the ordinance and why he is in violation of it.

Marvin suggested before council that we keep a log at town hall of who we mail a letter to, what action is taken, and to be presented at each meeting. Marvin made the motion to accept, Roxie second, motion passed.

Mayor Main asked about tar and chipping the water hill road. Discussion followed.

Committee reports: Water: Nothing to report.

Condemnation: Nothing to report.

Streets: Nothing to report.

Police: Mick reported that Justin Has not worked in several weeks, and that he still owes us the money for the use of the police car during the All Good Festival. Mayor Main is to call Justin. Marvin also reported that he received a letter stating we are not reporting to the state. Marvin also suggested that Justin show Donna how to do this so we won't be behind and it keeps Justin on the street not in the office. We also need to know if he has ordered the material to use up the rest of the cop grant.

Park: Someone has kicked boards off the swing set.

Ordinances: Nothing to report

Mayor Main Read the bills. Marvin Moved to accept the bills, Roxie seconded it. Motion passed.

Meeting adjourned 7:00

Lydia Main Mayor

J. Colter 70-124 Recorder

...

**TOWN OF MASONTOWN**  
**TOWN COUNCIL MEETING MINUTES**

**August 10, 2011**

Mayor Lydia Main presided over the meeting. Members attending, in addition to the mayor, were Jimmy Cottrell, Mick Thrasher, Marvin Stuck, and Roxie Turner. Town Clerk, Donna Montgomery, took the minutes of the meeting.

Donna read the minutes of the last meeting. Marvin made the motion to accept the minutes; Roxie seconded the motion; motion passed.

Mayor Main swore in James Cottrell as the new town recorder.

Town resident, Phil Turner, discussed a parachute type object that landed in his yard this past weekend. It was ignited and was burning when he found it.

Donna explained that these are ignited and let go at weddings, etc. as a way of celebrating. She would make sure that if that is what happened, that the fire department would be notified and suggest that they ban them from their property, as this is where many wedding receptions occur.

**OLD BUSINESS**

The Bretz sewer project discussed last meeting has not yet been done. This will be brought up at the sewer meeting tomorrow.

Mick told of a room addition that the residents of the Costello house on Depot Way want to do. He stated that they met distance requirements, etc.

Donna is to send Tim Trader a letter concerning the junk piled behind the house on East Street. He is the tenant in the Dalton house.

Lydia reported that the assistant fire marshal has not returned her call concerning the McMillion property on Main St. Someone is, however, cleaning out the interior of the building.

---

Marvin Stuck read the second reading of the proposed Bond Ordinance for the Water Revenue Bonds. The proceeds of the Bonds will be used to pay (1) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public water works system of the Issuer (the Project) and (2) to pay certain costs of issuance hereof and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the Town. Mick Thrasher moved to accept the second reading; Roxie Turner seconded the motion; motion passed. ✓

The Water Works extension and new tank project held their bid opening this afternoon. 8 companies participated in the bidding.

#### **NEW BUSINESS**

Marvin presented a budget revision. He added \$6100 to the COPS grant account. Marvin moved to accept the budget revision; Roxie seconded the motion; motion passed.

A complaint was expressed concerning young people riding an ATV on city streets, as well as on State Route 7.

#### **COMMITTEES:**

**WATER**—Construction bids were opened today; nothing else new to report.

**CONDEMNATION AND DEMOLITION**—Nothing

**POLICE**—Nothing

**FINANCE**—Nothing except the budget revision

**PARK**—Park is rented again this Saturday

**MASONTOWN SANITARY BOARD—Minutes of the previous meeting are before all councilmen.**

**Joyce Johnson expressed concern about garbage cans on Depot. After discussion, it was decided to have Tom or Mick place door knockers on the doors of the offending residents.**

**Donna is to write letters to:**

- **Susie Huggins concerning the grass on her properties on Maple and Walnut Streets.**
- **Deavers on West Depot Way concerning trash around his property.**

**The meeting was adjourned.**

**TOWN OF MASONTOWN**  
**TOWN COUNCIL MEETING MINUTES**  
**JULY 27, 2011 MEETING**

Mayor Lydia Main presided over the meeting. Members attending, in addition to the mayor, were Jimmy Cottrell, Mick Thrasher, Marvin Stuck, Roxie Turner and Curtis Dalton. Town Clerk, Donna Montgomery, took the minutes of the meeting.

Donna read the minutes of the last meeting. Marvin mentioned a correction dealing with who made and seconded a motion; the correction was made; Marvin made the motion to accept the minutes as corrected; Roxie seconded the motion; motion passed.

Ted Gregg presented a problem to the council. It seems that when the sewer lines were run in Bretz that our contractor blocked a culvert with a manhole. They have had a sewage smell for a long time. The State Road will provide the culvert pipe and blacktop if we will provide the labor, backhoe and gravel. Council decided that this was a Sanitary Board problem and that Council will turn it over to them to consider at tomorrow's Sanitary Board meeting.

Mick Thrasher also brought up a letter he received from Susie Huggins concerning a culvert that our contractors dug out while the sewer lines were being laid. They never replaced it. This also will be turned over to the Sanitary Board.

**OLD BUSINESS**

Reports on grass cutting letters.

Report on James McMillion property beside Dewayne McKinney's house. He now has removed some automobiles from the property, but still has two there. He says they are legal, which some members of council disagree with.

...  
**TOWN OF MASONTOWN TOWN COUNCIL MEETING MINUTES JULY 27, 11**  
**PAGE 2**

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Donna is to write a grass letter to Joe Malcolm concerning his property beside Tecla's bar. It has grass that has never been cut and needs to be.

Marvin Stuck stated that invoices in the future need to have "Net 10 days" on them.

A petition is going around town, being delivered door to door by a Kingwood resident, Richard Swiker, concerning the Masontown ordinance to raise sewage rates. He is collecting signatures on the petition.

Mayor Main read the first reading of the proposed Bond Ordinance providing for the issuance of it's Water Revenue Bonds. The proceeds of the Bonds will be used to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public water works system of the issuer and to pay certain costs of issuance hereof and related costs. The bonds are payable solely from revenues to be derived from the ownership and operation of the system of the town. ✓

A second reading will be held on August 10, with the third and final reading on September 13, 2011. Marvin Stuck moved to accept the first reading of the Bond Ordinance. Roxie Turner seconded; motion passed.

Mayor Main read the bills; Mick Thrasher moved to accept the bills as read; Marvin Stuck seconded; motion passed.

**COMMITTEES:**

**WATER:** Nothing new to report except that the contractors interested in bidding on the new construction of lines and water tank had a mandatory meeting at Town Hall today with the engineers.

TOWN OF MASONTOWN TOWN COUNCIL MEETING MINUTES JULY 27, 2011  
PAGE 3

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**CONDEMNATION AND BUILDING PERMITS:** Donna is to write a letter to Daniel Dalton giving him 5 (five) days to clean up his mess behind his house on East Street. She is to send it Certified Mail. Failure to clean up the junk will result in a \$25 fine for first offense; \$50 fine for second offense and \$150 fine for third and subsequent offenses.

Donna gave Lydia the name and number of the Assistant Fire Marshall who is in charge of investigating the James McMillion structure fire.

**STREETS:** Discussion of the height of grass on Joe Malcolm's property beside the Bridgeway Inn. Donna will send him a grass letter.

**POLICE:** Nothing to report

**FINANCE:** Nothing to report

**PARK:** Jimmy Cottrell reported that the park has been busy. Both days last weekend were rented; also this weekend is taken.

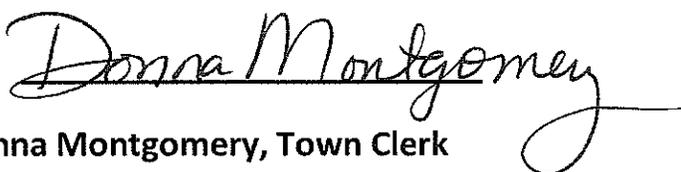
**ORDINANCES:** Nothing to report

**MASONTOWN SANITARY BOARD:** There were no minutes to the last Sanitary Board meeting. Due to the All Good Festival traffic, the meeting was cancelled.

Marvin moved to adjourn the meeting; Mick Thrasher seconded; motion passed. Meeting adjourned at 6:45 pm.

  
\_\_\_\_\_

Lydia Main, Mayor

  
\_\_\_\_\_

Donna Montgomery, Town Clerk

**AGENDA  
TOWN OF MASONTOWN  
TOWN COUNCIL MEETING  
TOWN HALL  
6:00 P.M.  
WEDNESDAY, JULY 27, 2011**

**MEETING CALLED TO ORDER BY THE MAYOR**

**READING OF MINUTES OF PREVIOUS MEETING BY THE RECORDER**

**OLD BUSINESS:**

**GRASS CUTTING LETTERS**

**McMILLION BURNED OUT BUILDING**

**NEW BUSINESS**

To consider on first reading and act upon a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2011 A (the "Bonds"). The proceeds of the Bonds will used (I) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public water works system of the Issuer (the "Project"); and (II) to pay certain costs of issuance hereof and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the Town.

**COMMITTEE REPORTS:**

**WATER BOARD- MICK THRASHER  
CONDEMNATION & BUILDING PERMITS-ROXIE TURNER  
STREETS--MICK THRASHER  
POLICE-MICK THRASHER  
FINANCE-MARVIN STUCK  
PARK-JIMMY COTTRELL  
ORDINANCES-ROXIE TURNER  
MASONTOWN SANITARY BOARD - MINUTES**

**APPROVE PAYMENT OF BILLS**

**MEETING ADJOURNED**

# Certificate of Publication

## LEGAL NOTICE

### NOTICE OF PUBLIC HEARING ON THE TOWN OF MASONTOWN BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the Town of Masontown (the "Town") to be held on Wednesday, September 14, 2011, at 6:00 p.m. at the Town Hall, 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:

#### TOWN OF MASONTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,200,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Bonds contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The Bonds are payable from the Net Revenues to be derived from the operation of the System. 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 August 10, 2011. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

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

/s/ Lydia Main  
Mayor  
8/31, 9/7

I, **Carol Peters**, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Town of Masontown

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 8/31/11

and expiring with its issue of 9/7/11

And, I do further certify that on 9/7/11

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.



ADVERTISING MANAGER

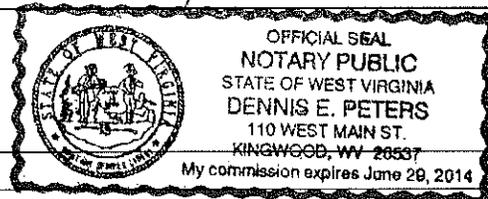
Subscribed and sworn to before me this the

7<sup>th</sup> day of September, 2011



NOTARY PUBLIC

My commission expires 4/29/2014



Kingwood, WV

Received of \_\_\_\_\_

Amount for publishing notice hereto \$ \_\_\_\_\_

ADVERTISING MANAGER



TOWN OF MASONTOWN

Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WesBanco Bank, Inc., 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 September 14, 2011, and a Supplemental Resolution adopted by the Issuer on December 14, 2011 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated December 22, 2011, in the aggregate principal amount of \$760,987 (the "Series 2011 A Bonds"), and agrees to serve as Depository Bank in connection with the Series 2011 A Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 22nd day of December, 2011.

WESBANCO BANK, INC.

By:   
Its: Authorized Officer

11.28.11  
561890.00004

TOWN OF MASONTOWN

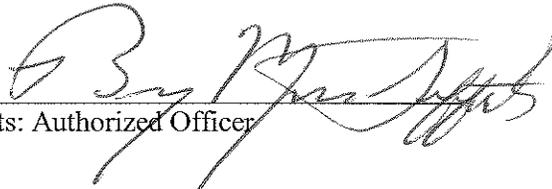
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

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 2011 A (West Virginia Infrastructure Fund), dated December 22, 2011, in the principal amount of \$760,987 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 22nd day of December, 2011.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

12.01.11  
561890.00004

TOWN OF MASONTOWN

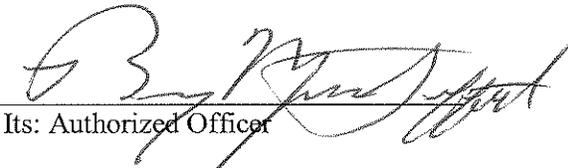
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

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 bond issue of the Town of Masontown (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Town of Masontown Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated December 22, 2011, in the principal amount of \$760,987, numbered AR-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 22nd day of December, 2011.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

561890.00004

5551642

TOWN OF MASONTOWN

Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of December, 2011, 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 \$760,987 principal amount of Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated the date hereof, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted September 14, 2011, and a Supplemental Resolution of the Issuer duly adopted December 14, 2011 (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  
P.O. Box 340  
Masontown, West Virginia 26542  
Attention: Mayor

REGISTRAR: The Huntington National Bank  
One Huntington Square  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register 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 date first written above.

TOWN OF MASONTOWN

By: *Sydia Main*  
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: *[Signature]*  
Its: Authorized Officer

12.01.11  
561890.00004

EXHIBIT A

Included in transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION



STATEMENT OF REGISTRAR'S FEES  
Invoice Date December 22, 2011

**Town of Masontown  
Account Number 6089001809**

Town of Masontown  
Water Revenue Bonds, Series 2011 A  
c/o John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

\*\*\*\*\*  
FEE CALCULATION FOR December, 2011  
\*\*\*\*\*

TOTAL AMOUNT \$ 500.00  
  
TOTAL DUE \$ 500.00

**MAIL CHECK TO:  
THE HUNTINGTON NATIONAL BANK  
ATTN: BARRY GRIFFITH – WE3013  
PO BOX 633  
CHARLESTON, WV 25322-0633**

**PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT**

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT  
Barry Morgan Griffith at (304) 348-5035



# CERTIFICATE OF LIABILITY INSURANCE

MASON-1

OP ID: AH

DATE (MM/DD/YYYY)

09/01/11

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. 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).

PRODUCER Commercial Insurance Services 340 MacCorkle Ave. Ste #200 Charleston, WV 25314 Trip King	304-345-8000	CONTACT NAME:	
	304-345-8014	PHONE (A/C, No, Ext):	FAX (A/C, No):
		E-MAIL ADDRESS:	
		INSURER(S) AFFORDING COVERAGE	
		INSURER A :	OneBeacon America Insurance Co
		INSURER B :	
		INSURER C :	
		INSURER D :	
		INSURER E :	
		INSURER F :	

INSURED: **Town of Masontown & Masontown Waterworks**  
P. O. Box 645  
Masontown, WV 26542

COVERAGES: \_\_\_\_\_ CERTIFICATE NUMBER: \_\_\_\_\_ REVISION NUMBER: \_\_\_\_\_

THIS IS TO CERTIFY THAT 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY		791-000-459	10/01/11	10/01/12	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY					DAMAGE TO RENTED PREMISES (Eg occurrence)	\$ 500,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR					MED EXP (Any one person)	\$ N/A
	GEN'L AGGREGATE LIMIT APPLIES PER:					PERSONAL & ADV INJURY	\$ 1,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					GENERAL AGGREGATE	\$ 5,000,000
						PRODUCTS - COMP/OP AGG	\$ 5,000,000
						Emp Ben.	\$ 1,000,000
A	AUTOMOBILE LIABILITY		791-000-459	10/01/11	10/01/12	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO					BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS				BODILY INJURY (Per accident)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident)	\$
							\$
A	UMBRELLA LIAB		791-000-459	10/01/11	10/01/12	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB	<input checked="" type="checkbox"/> OCCUR				AGGREGATE	\$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE						\$
	<input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$	0					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					WC STATU-TORY LIMITS	OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	N/A			E.L. EACH ACCIDENT	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
A	Property Section		791-000-459	10/01/11	10/01/12	Building	53,049
						Contents	10,609

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
Certificate holder is named as loss payee as respects Storage Building, Maple Avenue, Masontown, WV subject to \$1,000 deductible.

CERTIFICATE HOLDER  WV Water Development Authority 180 Association Drive Charleston, WV 25311	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

10-516-  
File-permit

PWSID: WV3303909

Matt F.

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301  
Telephone (304) 558-2981

### PERMIT

**PROJECT:** (Water) Bull Run, North Union Community & Taylor Extension **PERMIT NO.:** 18,279  
**LOCATION:** near Masontown **COUNTY:** Preston **DATE:** 4-9-2009

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

**Masontown Water Works  
P. O. Box 645  
Masontown, West Virginia 26542**

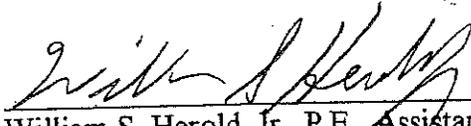
is hereby granted approval to: install approximately 2,600 LF of 8", 45,400 LF of 6" and 10,800 LF of 2" water line; a 4"/1¼" pressure reducing valve vault and a 4"/1" pressure reducing valve vault; a 48 GPM duplex constant pressure booster station with VFD; a 220,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities will serve 82 new customers in the Bull Run, North Union Community and Taylor Extension areas near the Town of Mason.

**NOTE:** This permit is contingent upon: 1) All new water line and water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the new 220,000 gallon tank with a minimum six (6) feet high fence with a lockable gate.

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: cls

pc: Thrasher Engineering, Inc.,  
James W. Ellars, P.E., PSC-Engineering Division  
Amy Swann, PSC  
Preston County Health Department  
OEHS-EED Philippi District Office



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

Writer's Contact Information

## CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** December 22, 2011  
**Re:** Town of Masontown, Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)

---

1. **DISBURSEMENTS TO TOWN OF MASONTOWN**

Payor: West Virginia Infrastructure and Jobs Development Council  
Source: Series 2011 A Bonds Proceeds  
Amount: \$210,152.37  
Form: Wire  
Payee: Town of Masontown, #1 Midway Avenue, Masontown, WV 26542  
ABA No: 043400036  
Account No: 2814118867  
Bank: WesBanco Bank, Inc.  
Contact: Jill Thorngate, 304.231.1263  
Account: Series 2011 A Bonds Project Fund

2. **DISBURSEMENTS TO MUNICIPAL BOND COMMISSION**

Payor: West Virginia Infrastructure and Jobs Development Council  
Source: Series 2011 A Bonds Proceeds  
Amount: \$19,768  
Form: Wire Transfer  
Payee: Town of Masontown  
Bank: Municipal Bond Commission  
Routing #: 051503394  
Account No: 5270517317  
Contact: Sara Boardman, 304.558.3971  
Account: Series 2011 A Bonds Reserve Account

561890.00004

Draw #1

2009W-1078

TOWN OF MASONTOWN

RESOLUTION OF THE TOWN OF MASONTOWN APPROVING INVOICES RELATING TO ACQUISITION AND CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WATER PROJECT AND AUTHORIZING PAYMENT THEREOF,

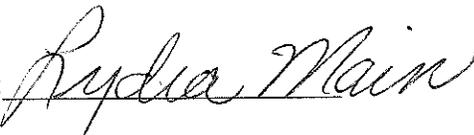
WHEREAS, the Town of Masontown has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the water project funded by an Local Grant, AML Grant, Governors Grant and an Infrastructure & Jobs Development Council loan (IJDC) and find as follows:

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

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

Vendor	Total	IJDC Loan	AML Grant	Local Grant	Gov. Grant
Thrasher Engineering	174,056.12	164,398.87	0.00	9,657.25	0.00
Huntington Banks (Registrar)	500.00	500.00	0.00	0.00	0.00
Steptoe & Johnson (Bond Counsel)	15,000.00	15,000.00	0.00	0.00	0.00
Sheila Williams	30,253.50	30,253.50	0.00	0.00	0.00
Municipal Bond Commission (Reserve)	19,768.00	19,768.00	0.00	0.00	0.00
Total	239,577.62	229,920.37	0.00	9,657.25	0.00

ADOPTED BY the Town of Masontown, at the meeting held on the 14th day of December, 2011.

By: 

Its: Mayor

## SWEEP RESOLUTION

**WHEREAS**, the Town of Masontown (the "Issuer") is a governmental body and political subdivision of West Virginia;

**WHEREAS**, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

**WHEREAS**, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

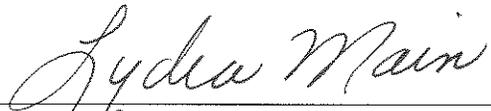
**WHEREAS**, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

**WHEREAS**, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

### **NOW THEREFORE BE IT RESOLVED AS FOLLOWS:**

- 1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) The Mayor and the Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 14th day of December, 2011.

  
\_\_\_\_\_  
Mayor  
  
\_\_\_\_\_  
Recorder

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

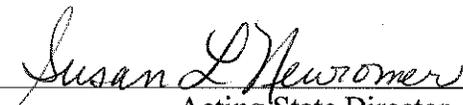
December 22, 2011

Town of Masontown  
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of \$760,987 (the "Series 2011 A Bonds"), by the Town of Masontown (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (i) Water Revenue Bonds, Series 1979, dated September 25, 1980, issued in the original aggregate principal amount of \$225,000 (the "Series 1979 Bonds"); and (ii) Water Revenue Bonds, Series 1988, dated February 14, 1989, issued in the original aggregate principal amount of \$650,000 (the "Series 1988 Bonds") (collectively, the "Prior Bonds"); (b) waives any requirements imposed by the Prior Bonds or the ordinance authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Bonds or the Ordinance; and (c) consents to any amendments made to the Prior Ordinances by the Ordinance.

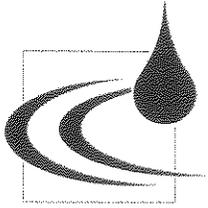
WITNESSETH my signature on this 22nd day of December, 2011.

  
\_\_\_\_\_  
Acting State Director

1550 Earl Core Road, Suite 101, Morgantown, WV 26505  
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

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



WEST VIRGINIA

**Water Development Authority**

*Celebrating 36 Years of Service 1974 - 2010*

December 22, 2011

TOWN OF MASONTOWN  
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Roth & White, A.C., the independent certified public accountant, and an opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of \$760,987 (the "Series 2011 A Bonds"), by the Town of Masontown (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's: (i) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 12, 2007, issued in the original aggregate principal amount of \$815,500 (the "Series 2007 A Bonds") and (ii) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated March 12, 2007, issued in the original aggregate principal amount of \$635,500 (the "Series 2007 B Bonds") (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By: Sheena Chadwell  
Its: Authorized Representative



Contract 2  
81%

west virginia department of environmental protection

Division of Land Restoration  
Office Abandoned Mine Lands & Reclamation  
601 57<sup>th</sup> St., SE  
Charleston, WV 25304-2345  
Phone 304-926-0485 / Fax 304-926-0458

Joe Manchin III, Governor  
Stephanie R. Timmermeyer, Cabinet Secretary  
www.wvdep.org

May 18, 2007

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

Re: North Union Community Road  
Waterline Extension  
ID# 248

Dear Mayor Main:

The Office of Abandoned Mine Lands and Reclamation is pleased to inform you that approval was granted at the May 18, 2007, meeting of the Water Supply Systems Advisory Council to commit funds to the North Union Community Road Waterline Extension Project out of our 2010 grant year funding projection. Based on the feasibility study conducted by Michael Baker Jr., the agency is able to contribute \$870,102.00 for project construction.

This commitment represents the total amount that this office will grant to the project. It is made with the assumption that funding in the 2010 grant year remains at projected levels. Should funding be reduced, you will be notified of any necessary changes in the funding scenario.

Finally, should it become apparent that your project will not be ready to draw on our funds during the assigned grant year, your project will retain this commitment, but may be moved to a subsequent grant year. It is the agency's goal to utilize all of the money in each grant year for construction of projects that benefit the West Virginia citizens.

If you have any questions or would like to discuss the steps necessary to complete your particular project, please contact Cliff Whyte, P.E. at (304) 926-0499, Ext. 1474. We look forward to working with you in bringing this project to reality!

Sincerely,

Charles J. Miller, Assistant Director  
Office of Abandoned Mine Lands & Reclamation

CJM/cdw

Contract 1  
75%



west virginia department of environmental protection

Division of Land Restoration  
Office Abandoned Mine Lands & Reclamation  
601 57<sup>th</sup> St., SE  
Charleston, WV 25304-2345  
Phone 304-926-0485 / Fax 304-926-0458

Joe Manchin III, Governor  
Stephanie R. Timmermeyer, Cabinet Secretary  
www.wvdep.org

May 18, 2007

~~Mr. Randy DeBiase, Director  
Preston County Public Service District #1  
P. O. Box 322  
Arthurdale, West Virginia 26520~~

s/b  
Masonstown

Re: Rohr Road to Bull Run  
Waterline Extension  
ID# 221

Dear Mr. DeBiase:

The Office of Abandoned Mine Lands and Reclamation is pleased to inform you that approval was granted at the May 18, 2007, meeting of the Water Supply Systems Advisory Council to commit funds to the Rohr Road to Bull Run Waterline Extension Project out of our 2010 grant year funding projection. Based on the feasibility study conducted by CTL Engineering of WV, Inc., the agency is able to contribute \$358,875.00 for project construction.

This commitment represents the total amount that this office will grant to the project. It is made with the assumption that funding in the 2010 grant year remains at projected levels. Should funding be reduced, you will be notified of any necessary changes in the funding scenario.

Finally, should it become apparent that your project will not be ready to draw on our funds during the assigned grant year, your project will retain this commitment, but may be moved to a subsequent grant year. It is the agency's goal to utilize all of the money in each grant year for construction of projects that benefit the West Virginia citizens.

If you have any questions or would like to discuss the steps necessary to complete your particular project, please contact Cliff Whyte, P.E. at (304) 926-0499, Ext. 1474. We look forward to working with you in bringing this project to reality!

Sincerely,

Charles J. Miller, Assistant Director  
Office of Abandoned Mine Lands & Reclamation

CJM/cdw

Promoting a healthy environment.

Contract 3  
92.8%



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west virginia department of environmental protection

---

Division of Land Restoration  
601 57<sup>th</sup> Street S.E.  
Charleston, WV 25304  
(304) 926-0455 Phone  
(304) 926-0457 Fax

Joe Manchin III, Governor  
Randy C. Huffman, Cabinet Secretary  
[www.wvdep.org](http://www.wvdep.org)

May 19, 2008

James and Amanda Taylor  
Rt. 1, Box 139A  
Masontown, West Virginia 26542

Re: James and Amanda Taylor  
Waterline Extension Project,  
Preston County  
ID# 309

Dear Taylors:

The Office of Abandoned Mine Lands and Reclamation is pleased to inform you that approval was granted at the May 1, 2008 meeting of the Water Supply Systems Advisory Council (WSSAC) to commit funds to the James and Amanda Taylor Waterline Extension Project. Based on the feasibility study conducted by R.D. Zande & Associates, the agency is able to fund 92.8% of the project construction. The current estimate for the total construction cost is \$465,202.

This commitment is made with the assumption that anticipated funding remains at projected levels. Should funding be reduced, you will be notified of any necessary changes in the funding scenario.

Finally, it will be your responsibility to inform the AML office of the progress made on your project. Grant funds for construction will not be assigned to a specific grant year until the project has reached Readiness to Proceed, as defined by the WSSAC. It is the agency's goal to utilize all of the money in each grant year for construction of projects that benefit the West Virginia citizens.

If you have any questions or would like to discuss the steps necessary to complete your particular project, please contact Angela Chestnut, P.E. at (304) 926-0499, Ext. 1459. We look forward to working with you to bring this project to reality!

Sincerely,

A handwritten signature in cursive script that reads "Charles J. Miller".

Charles J. Miller, Assistant Director  
Office of Abandoned Mine Lands & Reclamation

CJM/akc

## AMENDMENT IN FUNDING FROM THE ORIGINAL FILING DOCUMENTS

1. On October 20, 2010, Governor Joe Manchin, III, approve a grant in the amount of \$396,760.00 from the Governor's Contingency Fund. We have attached a copy of the award letter. Although the letter states that this grant will extend the Preston County PSD 1 waterline, it actually will extend the Town of Masontown waterline to North Union, Rohr Road and Bull Run areas of Preston County. This grant changed our original application and caused to the Town to return to WVJDC for approval of an amended application. The Town believes that it will be on the December agenda for the Council.

The funding now consists of the following:

a)	WVDEP AML	\$1,716,750.00	(documentation previously provided)
b)	WVIJDC Loan	\$ 801,490.00	(0%, 38 yrs, commitment letter to be obtained hopefully late Dec., 2010)
c)	Governors Cont. Grant	✓\$ 396,760.00	(letter attached from Gov's office)
d)	Local Grant	✓\$ <u>70,000.00</u>	(documents and explanation follows)
	TOTAL	\$2,985,000.00	

2. Local Grant consists of the following:

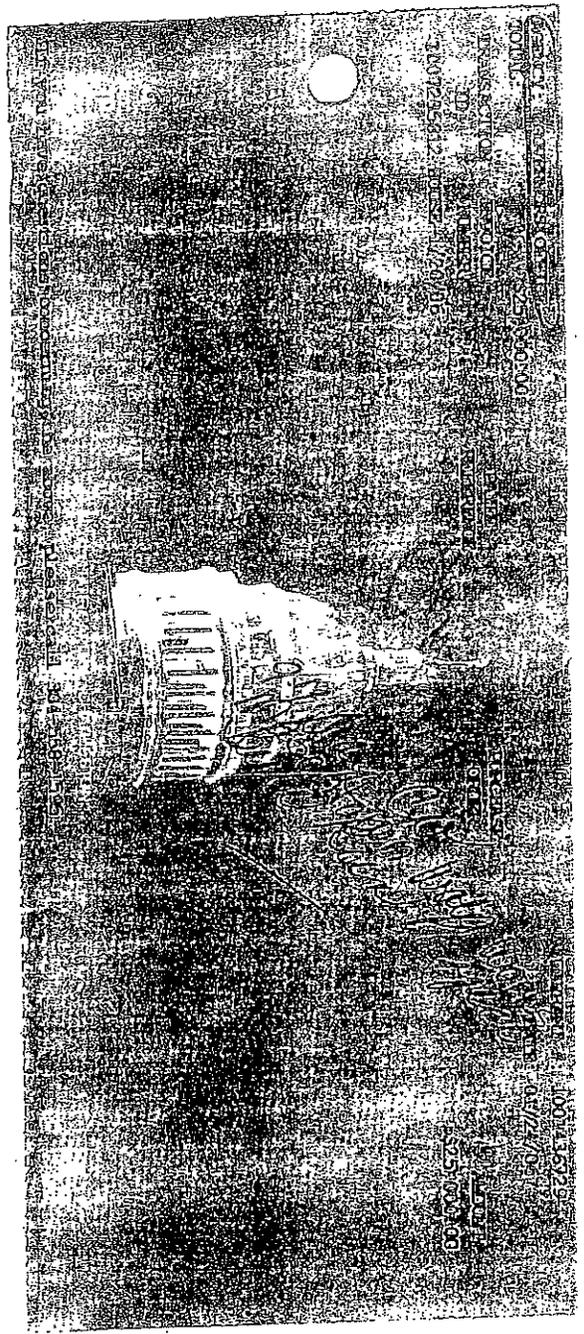
✓ a) Senator Jon Hunter obtained \$25,000.00 grant that was paid through the Preston County Commission on November 27, 2006. This is verified through a news story and picture in the Preston County Journal and a copy of the check from the Commission.

✓ b) Governor Joe Manchin gave a grant of \$25,000.00 on January 20, 2006. This is verified by a very poor copy of the check from Governor Manchin. Upon close observance you can see the transaction amount and date in the upper left hand corner.

✓ c) Delegate Larry Williams obtained \$20,000.00 in Community Participation Funds on March 23, 2009. This is verified through a copy of the check from the State of West Virginia.

Unfortunately with some funds obtained through political figures, letters of award are not given. These items are the only items that the Town has to verify that these funds were obtained and maintained in a separate account for this project.

TOWN OF MASONTOWN,  
Applicant,  
By Counsel.



\$25,000 Firm  
Governor.

NOV-5-2010 12:18P FROM:

TO: 3043291203

P.3

COUNTY COMMISSION, PRESTON COUNTY  
KINGWOOD, WEST VIRGINIA  
SHERIFF OF PRESTON COUNTY

CHECK NO. 047044  
VENDOR 2854

DATE 11/27/2006

VOUCHER NO.	VOUCHER DATE	INVOICE NO.	DESCRIPTION	AMOUNT
002	11/27/2006		00140124000	25000.00
<b>TOTAL THIS CHECK</b>				<b>25000.00</b>

DETACH HERE AND RETAIN THIS PORTION FOR YOUR RECORDS

COUNTY COMMISSION, PRESTON COUNTY  
KINGWOOD, WEST VIRGINIA  
SHERIFF OF PRESTON COUNTY  
GENERAL COUNTY FUND

CLEAR MOUNTAIN BANK  
KINGWOOD, WV 60-239515

DATE 11/27/2006 AMOUNT \$25000.00

THE EXACT AMOUNT OF  
NINETY-FIVE THOUSAND DOLLARS AND NO CENTS

PAY  
TO THE  
ORDER

TOWN OF MASONTOWN  
PO BOX 340  
MASONTOWN WV 26542

*[Signature]*  
 GENERAL FUND  
 PRESIDENT  
*[Signature]*  
 CLERK  
*[Signature]*  
 SHERIFF

**RESOLUTION**

**TO AUTHORIZE APPLICATION FOR  
WEST VIRGINIA  
COMMUNITY PARTICIPATION PROGRAM FUNDS**

WHEREAS, twenty thousand dollars (\$20,000) in Community Participation Program funding was set aside by the West Virginia Legislature and awarded by the Governor for the Town of Masontown Water Works to undertake the Masontown Bull Run Water Extension, and,

WHEREAS, an application for these funds was made to the West Virginia Development Office, and,

WHEREAS, the Community Participation Program requires that the Town of Masontown must enter into a contract with the West Virginia Development Office,

NOW, THEREFORE BE IT RESOLVED BY THE TOWN OF MASONTOWN, PRESTON COUNTY, WEST VIRGINIA that the Town of Masontown accepts the terms of the contract and authorizes the Mayor of the Town to sign the application and any agreement necessary to obtain these funds.

DATE: 5/14/08

Lydia Main  
Lydia Main, Mayor

ATTEST:

Marrin Stuck  
Lillian Thresha  
Wade O. Sawdyomite

WARRANT # 1006738749  
DATE: 03/23/09

PURCHASE ORDER  
AMOUNT \$20,000.00

AGENCY: WV DEVELOPMENT OFFICE  
TOTAL: \$20,000.00  
TRANSACTION INVOICE NUMBER & ID  
1009817860 LEBA#1 (P) WATER EXT.

PAYEE REFERENCE

If you have questions concerning the above, please call 304-957-2055 Ext. 0766.

REMOVE DOCUMENT ALONG THIS PERFORATION

THIS WARRANT IS VOID UNLESS IT IS PRESENTED WITHIN SIX MONTHS OF THE DATE OF ISSUANCE.

CI# 24373024

State of West Virginia  
Department of Public Safety  
Registration & Motor Vehicle Information on top label  
REGISTRATION & MOTOR VEHICLE INFORMATION OFFICE  
Questionnaire Contact: CARL D. SMITH at 304-957-2055 Ext. 0766  
MARTINSBURG, WEST VIRGINIA

State of West Virginia  
STATE WARRANT

WARRANT # 1006738749  
DATE: 03/23/09  
\*\*\*\*\*\$20,000.00\*\*

John D. Ferdue  
STATE TREASURER

1006738749  
WEST VIRGINIA TREASURY



*State of West Virginia*  
*Joe Manchin III*  
Governor

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

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

October 20, 2010

The Honorable Craig Jennings, President  
The Honorable Victoria Cole  
The Honorable David Price  
Preston County Commissioners  
106 W Main Street  
Kingwood, West Virginia 26537

Dear Commissioners:

I am pleased to approve a grant in the amount of \$396,760.00 from the Governor's Contingency Fund which will extend the Preston County PSD 1 waterline to the North Union, Rhor Road and Bull Run areas of Preston County.

One of the highest priorities during my administration has been to provide the necessary infrastructure to make West Virginia a safe and healthy place to live. By providing vital access to clean, adequate water and reliable sewer facilities, we can promote future economic development and improve the quality of life in West Virginia.

This grant, combined with funding from AML in the amount of \$1,467,240 will allow new and much needed water service for a population of 165 households. The total project cost will be \$1,864,000.

I am pleased to make this funding a reality for the citizens of Preston County.

With warmest regards,

Joe Manchin III  
Governor

JM/c

TOWN OF MASONTOWN

Water Revenue Bond, Series 1979

BOND ORDINANCE

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12/8/79

14.

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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 hereof 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

AMOUNT	DATE	AMOUNT	DATE
(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

November 14, 1979  
November 28, 1979  
December 12, 1979

Lydell Main  
Mayor

Mary Lee Ramsey  
Recorder

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

[CORPORATE SEAL]

By \_\_\_\_\_  
Mayor

Masontown,  
West Virginia. 26542

ATTEST:

\_\_\_\_\_  
Recorder

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(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)

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.



(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ _____

(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 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. 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 holders 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

*Lyncha Main*  
Mayor

*Mary Kay Ramsey*  
Recorder

02/10/89  
MASONTOW.04  
56189/87001

(SPECIMEN BOND)

WATER REVENUE BOND, SERIES 1988

TOWN OF MASONTOWN

\$650,000

No. R-1

Date: February 14, 1989

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 5% 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 \$3,192, 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.

This Bond is junior and subordinate as to liens, pledge and source of and security for payment, and in all respects, to the Waterworks Revenue Bonds of the Borrower 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.

TOWN OF MASONTOWN

[CORPORATE SEAL]

\_\_\_\_\_  
Mayor

Town Hall  
Masontown, West Virginia 26542

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)  
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ _____

(Form of)

ASSIGNMENT

Identifying Number of Assignee \_\_\_\_\_

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_

\_\_\_\_\_  
(Title)

02/13/89  
MSWTN2-C

**TOWN OF MASONTOWN**

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

**BOND ORDINANCE**

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EXHIBIT A

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 A 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 exchange 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

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

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(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

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Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(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) \$	
	TOTAL	\$	

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

Section 3.11.      Sale of Bonds: Approval and Ratification of Execution of Loan 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

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 MASONTOWN:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. 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.

[Remainder of Page Intentionally Blank]

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 Ennis", is written over a horizontal line. The signature is positioned to the right of the word "Recorder".

02.01.07  
561890.00002

STITCHED

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

CH877504.1

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

1. CIVEN

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.

10/10/10

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]

  
Lynne Main  
Mayor

ATTEST:

Sandy Tomms  
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

### 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

### 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

## 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: