

**TOWN OF MASONTOWN**

**Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)**

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**TOWN OF MASONTOWN**

**SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

**BOND ORDINANCE**

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**TOWN OF MASONTOWN**

**BOND ORDINANCE**

ORDINANCE AUTHORIZING THE DESIGN OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF MASONTOWN OF NOT MORE THAN \$528,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

**ARTICLE I**

**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01 Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13, and Chapter 22C, Article 1 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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the existing public sewerage facilities of the Issuer (the design of such herein known as the "Project") and at the costs estimated in Section 2.01 hereof.

C. In order to complete the Project, the Issuer has entered into a Contract with the Consulting Engineer for the engineering services. The Issuer intends to temporarily finance a portion of the costs of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewerage System Design Revenue Bonds in one single series, being the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), in the aggregate principal amount of not more than \$528,000 (the "Series 2012 A Bonds"); to temporarily finance a portion of the costs 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 2012 A Bonds prior to and during a period not exceeding 6 months after completion of the Project; amounts which may be deposited in the Reserve Account (as hereinafter defined) for the Series 2012 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 2012 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the Project 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 2012 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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 2012 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, in form satisfactory to the respective parties, to be 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 2012 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (i) 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 (the "Series 2001 A Bonds"); (ii) 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 (the "Series 2001 B Bonds"); and (iii) 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 (the "Series 2007 A Bonds"),

(collectively, the “Prior Bonds”).

Prior to the issuance of the Series 2012 A 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) obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 2012 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 Series 2012 A 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, the Loan Agreement (hereinafter defined) relating to authorization of the Project and the System and issuance of the Series 2012 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 Authority.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2012 A Bonds for the purposes set forth herein.

K. 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 2012 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 2012 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 16, Article 13 and Chapter 22C, Article 1 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 2012 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.

“Board” or “Sanitary Board” means the Sanitary Board of the Issuer.

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

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

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

“Bonds” means, collectively, the Series 2012 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 2012 A Bonds for all or a portion of the proceeds of the Series 2012 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.

“Contract” means the Contract for preconstruction engineering services for the Project by and between the Issuer and the Consulting Engineer.

“Costs” or “Costs of the Project” means those costs described in Section 1.02D hereof to be a part of the costs of the Project.

“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.

“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 Sanitary Board of the Issuer.

“Loan Agreement” means the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority providing for the purchase of the Series 2012 A Bonds from the Issuer by the Authority, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

“Mayor” means the Mayor of the Issuer.

“Net Proceeds” means the face amount of the Series 2012 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2012 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.

“Operation and Maintenance Fund” means the Operation and Maintenance Fund established by Prior Ordinance.

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

“Prior Bonds” means the Series 2001 A Bonds, the Series 2001 B Bonds and the Series 2007 A Bonds.

“Prior Ordinances” means the ordinances of the Issuer, as supplemented, 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 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 Ordinances.

“Reserve Accounts” means, collectively, the respective reserve accounts established for the Series 2012 A Bonds and the Prior Bonds.

“Reserve Requirement” means the amounts required to be on deposit in any Reserve Account.

“Revenue Fund” means the Revenue Fund established by the Prior Ordinances.

“RUS Bonds” means the Series 2001 A Bonds and Series 2007 A Bonds.

“Series 2001 A Bonds” means the Issuer’s 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.

“Series 2001 B Bonds” means the Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated August 22, 2001, issued in the original aggregate principal amount of \$1,500,000.

“Series 2007 A Bonds” means the Sewer Revenue Bonds, Series 2007 A (United States Department of Agriculture), dated August 22, 2007, issued in the original aggregate principal amount of \$261,500.

“Series 2012 A Bonds” means the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

“Series 2012 A Bonds Project Trust Fund” means the Series 2012 A Bonds Project Trust Fund established by Section 5.01 hereof.

“Series 2012 A Bonds Reserve Account” means the Series 2012 A Bonds Reserve Account established by Section 5.02 hereof.

“Series 2012 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 2012 A Bonds in the then current or any succeeding year.

“Series 2012 A Bonds Sinking Fund” means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

“Sinking Funds” means, collectively, the sinking funds established for the Prior Bonds and the Series 2012 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 2012 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 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 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 sewerage 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.

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 Project. There is hereby authorized and ordered the Project at an estimated cost of not to exceed \$964,600, of which \$528,000 will be obtained from the proceeds of the Series 2012 A Bonds and \$436,600 is deferred. The proceeds of the Series 2012 A Bonds hereby authorized shall be applied as provided in Article VI hereof.

## **ARTICLE III**

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2012 A Bonds, funding the reserve account for the Series 2012 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2012 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 2012 A Bonds of the Issuer. The Series 2012 A Bonds shall be issued in one series, as a single bond, designated as "Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority)", in the principal amount of not more than \$528,000, which shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 A Bonds remaining after funding of the Series 2012 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2012 A Bonds Project Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2012 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, 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 2012 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 2012 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 2012 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 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 2012 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 2012 A Bonds shall cease to be such officer of the Issuer before the Series 2012 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. The Series 2012 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 2012 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 the Series 2012 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 2012 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 2012 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 2012 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 2012 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 2012 A Bonds are exercised, Series 2012 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 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 2012 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 2012 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 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 the Series 2012 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 2012 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 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 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 2012 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 2012 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2012 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 2012 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 2012 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 opinion of bond counsel on the Series 2012 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 A Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2012 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASON TOWN  
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$528,000

KNOW ALL MEN BY THESE PRESENTS: That on this the \_\_\_\_ day of \_\_\_\_\_, 2012, the TOWN OF MASON TOWN, 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. Interest only shall commence on the date hereof on the amounts advanced and outstanding, payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3% per annum, with the first payment due on \_\_\_\_\_ 1, 20\_\_\_\_. Interest accrues at 3% per annum and interest and principal payments are payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year commencing on \_\_\_\_\_ 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.

Principal installments of this Bond are payable in any coin or currency which, on the 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority dated \_\_\_\_\_, 2012.

This Bond is issued (i) to pay a portion of the costs of design related to the acquisition and construction of certain extensions, additions, betterments and improvements

to the public sewerage system of the Issuer ( the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage 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 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2012, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2012 (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) 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 (THE "SERIES 2001 A BONDS"); (II) 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 (THE "SERIES 2001 B BONDS"); (III) 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 (THE "SERIES 2007 A 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, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2012 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 2012 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; provided however, that, so long as there exists in the Series 2012 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, 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 2012 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: \_\_\_\_\_, 2012.

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 2012 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 it 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, is hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the Project, the Issuer will file with the Authority a schedule of the Series 2012 A Bonds, the form of which will be provided by the Authority, setting forth the actual costs of the Project and sources of funds therefor.

#### ARTICLE IV

[RESERVED]

#### ARTICLE V

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

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

- (1) Revenue Fund (established by Prior Ordinance);
- (2) Renewal and Replacement Fund (established by Prior Ordinance); and
- (3) Series 2012 A Bonds Project 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 2001 A Bonds Reserve Account (established by the Prior Ordinance);
- (2) Series 2001 B Bonds Sinking Fund (established by the Prior Ordinance);

- (3) Series 2001 B Bonds Reserve Account (established by the Prior Ordinance);
- (4) Series 2007 A Bonds Reserve Account (established by the Prior Ordinance);
- (5) Series 2012 A Bonds Sinking Fund; and
- (6) Series 2012 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 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 and deposit in 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 and simultaneously (i) remit to the National Finance Office the amounts required by Prior Ordinance to pay interest on the Series 2001 A Bonds and Series 2007 A Bonds; and (ii) remit to the Commission commencing 4 months prior to the first date of payment of interest on the Series 2012 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2012 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 2012 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.

(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 amounts required by Prior Ordinance to pay principal on the Series 2001 A Bonds and Series 2007 A Bonds; (ii) remit to the Commission the amount required by Prior Ordinance to pay principal on the Series 2001 B Bonds; and (iii) remit to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2012 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 2012 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.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amounts as required by Prior Ordinance to be deposited in the respective Prior Bonds Reserve Accounts; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 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 2012 A Bonds Reserve Requirement. Monies in the Series 2012 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2012 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

(5) The Issuer shall next, 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, 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 2012 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2012 A Bonds as the same shall become due. Monies in the Series 2012 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2012 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2012 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during the Project, as applicable, be deposited in the Series 2012 A Bonds Project

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 2012 A Bonds.

Any withdrawals from the Series 2012 A Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement 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 2012 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 Accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2012 A Bonds Sinking Fund, or the Series 2012 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2012 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 2012 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 2012 A Bonds Sinking Fund, and the Series 2012 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. 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 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 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 2012 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 2012 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 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 2012 A Bonds for the period commencing on the date of issuance of the Series 2012 A Bonds and ending 6 months after the estimated date of completion of the Project.

B. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2012 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 A Bonds Project 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 2012 A Bonds.

D. After completion of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2012 A Bonds shall be expended as approved by the Authority.

Section 6.02. Disbursements of Bond Proceeds.

The Issuer shall each month provide the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Authority 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 2012 A Bonds from the Series 2012 A Bonds Project Trust Fund shall be made only after submission to, and approval from, the Authority 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 2012 A Bonds Project 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 2012 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 2012 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 2012 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 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 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 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 2012 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 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 sewer rate ordinance of the Issuer enacted June 22, 2011 which rates are incorporated herein by reference as a part hereof.

So long as the Series 2012 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 rate and charges initially established for the System in connection with the Series 2012 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 Ordinances and with the written consent of the Authority.

So long as the Series 2012 A Bonds are outstanding and except as otherwise required by law or with the written consent of 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 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 2012 A 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 on the Series 2012 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2012 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 Revenue 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 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 2012 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 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 2012 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 2012 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority 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 Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition, or construction of extensions and improvements to the System or refunding any outstanding Bonds, or both such purposes.

So long as the Series RUS Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk 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 Ordinance 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 RUS Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 2001 B Bonds or the Series 2012 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Clerk 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for

payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2012 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, 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 such documents and information as they may reasonably require in connection with 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, 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 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 the Project.

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, or any other original purchaser of the Series 2012 A Bonds and shall mail in each year to any Holder or Holders of the Series 2012 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 2012 A Bonds and shall submit the report to the Authority, or any other original purchaser of the Series 2012 A Bonds. Such audit report submitted to the Authority 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.

Prior to, during and after completion of the Project, the Issuer shall also provide the Authority, or its 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 with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2012 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; (ii) so long as the Prior Bonds are Outstanding, always provide revenues on each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required into Reserve Account; and (iii) 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 2012 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 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 Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2012 A Bonds, if applicable, 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 2012 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 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 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, 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 in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for 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 by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. 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 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. The Issuer hereby covenants and agrees that so long as the Series 2012 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.

(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, 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 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.

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

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

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

The Issuer will obtain all permits required by state and federal laws for the Project, all orders and approvals from the West Virginia Infrastructure and Jobs Development Council necessary for the Project and the operation of the System and all approvals of issuance of the Series 2012 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, or other state, federal or local bodies in regard to the Project and the operation, maintenance and use of 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; Public Releases. A. The Issuer has entered into a contract with the Consulting Engineer for the Project.

B. The Issuer shall list the funding provided by 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 dedication of the Project.

## ARTICLE VIII

### **INVESTMENT OF FUNDS; NON ARBITRAGE**

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 Ordinance, 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 2012 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 2012 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 2012 A Bonds as a condition to issuance of the Series 2012 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 2012 A Bonds as may be necessary in order to maintain the status of the Series 2012 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 2012 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 from which the proceeds of the Series 2012 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, 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 2012 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 2012 A Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2012 A Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2012 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 A Bonds, and such default shall have continued for a period of 30 days after the 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 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 Ordinances.

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 Holders of the Series 2012 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 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 AND DEFEASANCE**

Section 10.01. Payment of Series 2012 A Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2012 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 2012 A 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 on the Series 2012 A Bonds from gross income for federal income tax purposes.

Section 10.02. Defeasance of Series 2012 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all of the Series 2012 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 2012 A 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 on the Series 2012 A Bonds from gross income for federal income tax purposes.

Series 2012 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2012 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 A Bonds shall, prior to the

maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2012 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor monies deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2012 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2012 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 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 2012 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2012 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2012 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 2012 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended with 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 2012 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 2012 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 Ordinances, the Prior Ordinances 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 were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

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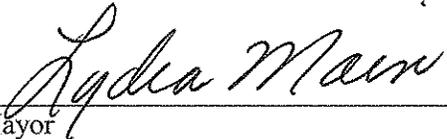
Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *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 2012 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.

Passed on First Reading: December 14, 2011

Passed on Second Reading: January 11, 2012

Passed on Final Reading  
Following Public  
Hearing: February 8, 2012

  
\_\_\_\_\_  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of the Town of Masontown on the 8th day of February, 2012.

Dated: March 27, 2012.

[SEAL]

  
\_\_\_\_\_  
Recorder

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

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 SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE TOWN OF MASONTOWN; APPROVING AND RATIFYING THE 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; 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 8, 2012 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE STUDY RELATED TO THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE 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 \$528,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed \$528,000, and has authorized the execution and delivery of the loan agreement relating to the Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 1 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;

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 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$528,000. The Series 2012 A Bonds shall be dated the date of delivery thereof, shall finally mature January 1, 2032. Interest shall commence on the date of closing on the amounts advanced and outstanding, and interest only payable quarterly on January 1,

April 1, July 1, and October 1 of each year in arrears at the rate of 3% per annum, with the first payment due on July 1, 2012. Commencing April 1, 2014, interest accrues at the rate of 3% per annum, and interest and principal payments are payable quarterly January 1, April 1, July 1, and October 1 of each year commencing July 1, 2014 to and including January 1, 2032 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 2012 A Bonds. The Series 2012 A Bonds shall be subject to redemption upon the written consent of the Authority, 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 2012 A 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 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 2012 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2012 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2012 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2012 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2012 A Bonds shall be deposited in or credited to the Series 2012 A Bonds Project Fund as received from the Authority 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 10. 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 27, 2012, to the Authority pursuant to the Loan Agreement.

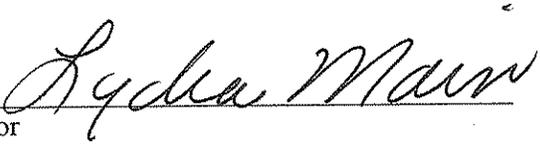
Section 11. The Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer does hereby approve and authorize all contracts relating to the financing of the Project.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 14th day of March, 2012.

  
\_\_\_\_\_  
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 March, 2012.

Dated: March 27, 2012.

[SEAL]

  
\_\_\_\_\_  
Recorder

WDA-SF  
(08/09)

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"), and the governmental agency designated below (the "Governmental Agency").

TOWN OF MASONTOWN (2011S-1287)  
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development 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 of West Virginia (the "State") to acquire, construct, improve, operate and maintain a water development 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 water development 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 Section 5 of the Act and having available sufficient funds therefor, the Authority is willing 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 Supplemental Fund of the Authority, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

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

1.3 "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.

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

1.5 "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.

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

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

1.8 “Project” means the water development 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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 “System” means the water development 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.

1.10 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 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 is approved by the Authority.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives shall, prior to, 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 with respect to the System pursuant to the pertinent provisions of the Act.

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

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

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract and shall verify or shall 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 Authority and shall verify or shall 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 is 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 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 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 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 10th of each month to the Authority.

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

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

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

(c) The Governmental Agency shall either have received bids or entered 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 shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the

construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority 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 for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient 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. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

## 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 Authority:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) 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 or other security instrument) 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) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) 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 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, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA 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, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

(iv) That, except as otherwise required by State law or with the written consent of 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; 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, 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 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, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the 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, 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 shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall 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;

(xvii) That, if required by the Authority, 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 Authority's bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineers 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, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

(xxii) 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;

(xxiii) 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, or, if applicable, the

Governmental Agency shall annually furnish to the Authority such information with respect to the Governmental Agency=s use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the “contingency” as set forth in the final Schedule A attached to the certificate of the Consulting Engineers;

(xxv) That the Governmental Agency shall list the funding provided by 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 groundbreaking or dedication of the Project;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia;

(xxvii) That, as a condition precedent to the Authority=s making the Loan, the Governmental Agency shall deliver to the Authority a tax and non-arbitrage certificate or a certificate with respect to the used of proceeds of the Local Bonds satisfactory to the Authority; and

(xxviii) 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 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 Authority 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.

{C2280419.1}

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by 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.

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The interest payments on the Loan shall be made by the Commission semiannually as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, 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 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority.

## 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 any payment 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, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

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 Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.4 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.

6.5 Notwithstanding Section 6.4, 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.

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

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

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, 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.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 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.

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

TOWN OF MASONTOWN

(SEAL)

By: *Lydia Mason*  
Its: Mayor  
Date: March 27, 2012

Attest:

*[Signature]*  
Its: Recorder

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By: *[Signature]*  
Its: Executive Director  
Date: March 27, 2012

Attest:

*Sheila A. Miller*  
Its: Authorized Officer

{C1791607.1}

{C2280419.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

I, \_\_\_\_\_, Registered Professional Engineer, West Virginia License No. \_\_\_\_\_, of \_\_\_\_\_, Consulting Engineers, \_\_\_\_\_, \_\_\_\_\_ hereby certify as follows:

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least \_\_\_ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm<sup>1</sup> has ascertained that all \_\_\_\_\_

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

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

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

[SEAL]

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

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

{C2280419.1}

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	\$528,000
Purchase Price of Local Bonds	\$528,000

The Local Bonds bear interest at a rate of 3% per annum on the amounts advanced thereunder for the first 24 months. Interest on the Local Bonds is payable quarterly (in arrears) commencing July 1, 2012. Commencing April 1, 2014, the Local Bonds shall bear interest at the rate of 3% per annum and principal and interest payments on the Local Bonds are payable quarterly commencing July 1, 2014. Quarterly payments will be made on January 1, April 1, July 1 and October 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 interest, if any, and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

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

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

- (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.

NOTE: Design loan, no new customers being added with bond proceeds.

**SCHEDULE Y  
DEBT SERVICE SCHEDULE**

<b>BOND DEBT SERVICE</b>					
Town of Masontown					
WDA					
20 Years					
	Dated Date	3/27/2012			
	Delivery Date	3/27/2012			
Period Ending	Principal	Coupon	Interest	Debt Service	
7/1/2012					
10/1/2012					
1/1/2013					
4/1/2013					
7/1/2013					
10/1/2013					
1/1/2014					
4/1/2014					
7/1/2014	5,659	3.000%	3,960.00	9,619.00	
10/1/2014	5,701	3.000%	3,917.56	9,618.56	
1/1/2015	5,744	3.000%	3,874.80	9,618.80	
4/1/2015	5,787	3.000%	3,831.72	9,618.72	
7/1/2015	5,830	3.000%	3,788.32	9,618.32	
10/1/2015	5,874	3.000%	3,744.59	9,618.59	
1/1/2016	5,918	3.000%	3,700.54	9,618.54	
4/1/2016	5,963	3.000%	3,656.15	9,619.15	
7/1/2016	6,007	3.000%	3,611.43	9,618.43	
10/1/2016	6,052	3.000%	3,566.38	9,618.38	
1/1/2017	6,098	3.000%	3,520.99	9,618.99	
4/1/2017	6,143	3.000%	3,475.25	9,618.25	
7/1/2017	6,190	3.000%	3,429.18	9,619.18	
10/1/2017	6,236	3.000%	3,382.76	9,618.76	
1/1/2018	6,283	3.000%	3,335.99	9,618.99	
4/1/2018	6,330	3.000%	3,288.86	9,618.86	
7/1/2018	6,377	3.000%	3,241.39	9,618.39	
10/1/2018	6,425	3.000%	3,193.56	9,618.56	
1/1/2019	6,473	3.000%	3,145.37	9,618.37	
4/1/2019	6,522	3.000%	3,096.83	9,618.83	
7/1/2019	6,571	3.000%	3,047.91	9,618.91	
10/1/2019	6,620	3.000%	2,998.63	9,618.63	
1/1/2020	6,670	3.000%	2,948.98	9,618.98	
4/1/2020	6,720	3.000%	2,898.95	9,618.95	
7/1/2020	6,770	3.000%	2,848.55	9,618.55	
10/1/2020	6,821	3.000%	2,797.78	9,618.78	
1/1/2021	6,872	3.000%	2,746.62	9,618.62	
4/1/2021	6,924	3.000%	2,695.08	9,619.08	
7/1/2021	6,976	3.000%	2,643.15	9,619.15	
10/1/2021	7,028	3.000%	2,590.83	9,618.83	
1/1/2022	7,081	3.000%	2,538.12	9,619.12	
4/1/2022	7,134	3.000%	2,485.01	9,619.01	
7/1/2022	7,187	3.000%	2,431.51	9,618.51	
10/1/2022	7,241	3.000%	2,377.61	9,618.61	
1/1/2023	7,295	3.000%	2,323.30	9,618.30	
4/1/2023	7,350	3.000%	2,268.59	9,618.59	
7/1/2023	7,405	3.000%	2,213.46	9,618.46	

<b>BOND DEBT SERVICE</b>					
Town of Masontown					
WDA					
20 Years					
Period Ending	Principal	Coupon	Interest	Debt Service	
10/1/2023	7,461	3.000%	2,157.92	9,618.92	
1/1/2024	7,517	3.000%	2,101.97	9,618.97	
4/1/2024	7,573	3.000%	2,045.59	9,618.59	
7/1/2024	7,630	3.000%	1,988.79	9,618.79	
10/1/2024	7,687	3.000%	1,931.57	9,618.57	
1/1/2025	7,745	3.000%	1,873.91	9,618.91	
4/1/2025	7,803	3.000%	1,815.83	9,618.83	
7/1/2025	7,861	3.000%	1,757.30	9,618.30	
10/1/2025	7,920	3.000%	1,698.35	9,618.35	
1/1/2026	7,980	3.000%	1,638.95	9,618.95	
4/1/2026	8,040	3.000%	1,579.10	9,619.10	
7/1/2026	8,100	3.000%	1,518.80	9,618.80	
10/1/2026	8,161	3.000%	1,458.05	9,619.05	
1/1/2027	8,222	3.000%	1,396.84	9,618.84	
4/1/2027	8,284	3.000%	1,335.17	9,619.17	
7/1/2027	8,346	3.000%	1,273.04	9,619.04	
10/1/2027	8,408	3.000%	1,210.45	9,618.45	
1/1/2028	8,471	3.000%	1,147.39	9,618.39	
4/1/2028	8,535	3.000%	1,083.86	9,618.86	
7/1/2028	8,599	3.000%	1,019.84	9,618.84	
10/1/2028	8,663	3.000%	955.35	9,618.35	
1/1/2029	8,728	3.000%	890.38	9,618.38	
4/1/2029	8,794	3.000%	824.92	9,618.92	
7/1/2029	8,860	3.000%	758.96	9,618.96	
10/1/2029	8,926	3.000%	692.51	9,618.51	
1/1/2030	8,993	3.000%	625.57	9,618.57	
4/1/2030	9,061	3.000%	558.12	9,619.12	
7/1/2030	9,129	3.000%	490.16	9,619.16	
10/1/2030	9,197	3.000%	421.70	9,618.70	
1/1/2031	9,266	3.000%	352.72	9,618.72	
4/1/2031	9,335	3.000%	283.22	9,618.22	
7/1/2031	9,405	3.000%	213.21	9,618.21	
10/1/2031	9,476	3.000%	142.67	9,618.67	
1/1/2032	9,547	3.000%	71.60	9,618.60	
	528,000		154,929.56	682,929.56	
Interest on the Bonds due from 7/1/2012 through 4/1/2014 is not shown on this debt service schedule because interest will be paid only on those amounts advanced in arrears and cannot be calculated at the time of closing.					

SCHEDULE Z

None.



## 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 R. Spatafore  
Public Member

Joseph Freeland  
Public Member

D. K. "Bud" Carr  
Public Member

James W. Ellars, P.E.  
Executive Director

Barbara J. Pauley  
Administrative Secretary

Tuesday, November 08, 2011

The Honorable Lydia Main  
Mayor, Masontown Municipal Sewer Department  
P.O. Box 651  
Masontown, WV 26542-0651

Re: Town of Masontown  
Sewer Plant Upgrade Project 2011S-1287  
Design Application Approved

Dear Mayor Main:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) has reviewed the Masontown Municipal Sewer Department's (Sponsor) design application for the above-named project (Project).

Based on the findings of the Sewer Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Sponsor should carefully review the comments of the Sewer Technical Review Committee, as found on the Project Team Members' Dashboards at [www.wvinfrastructure.com](http://www.wvinfrastructure.com), as the Sponsor may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the design application, the Infrastructure Council recommends that the Sponsor pursue a \$528,000 Water Development Authority design loan to be taken out with the next project financing, contingent upon the Sponsor receiving a waiver from the Infrastructure Council for the engineering design costs which exceed the ACSE design curves.

If you have any questions regarding this matter, please contact Jim Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

cc: DEP Rep Name, DEP  
BAYLOR, ROBERTA, Preston County Economic Development Authority  
FLUHARTY, MATTHEW W, Thrasher Engineering, Inc.  
ROTH, NANCY, Roth & White AC

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 27th day of March, 2012, 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 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), of the Issuer, in the principal amount of \$528,000, numbered AR-1, issued as a single, fully registered Bond, and dated March 27, 2012 (the "Series 2012 A Bonds").

2. At the time of such receipt, the Series 2012 A Bonds had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2012 A Bonds, of the sum of \$102,500, being a portion of the principal amount of the Series 2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced by the Authority to the Issuer as the Project progresses.

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Dated as of the day and year first above written.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By: Sheila A. Miller  
Its: Authorized Representative

TOWN OF MASONTOWN

By: Ryden Mann  
Its: Authorized Representative

561890.00006

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank  
as Bond Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

On this 27th day of March, 2012, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Masontown Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), in the principal amount of \$528,000, dated March 27, 2012 (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 February 8, 2012, and a Supplemental Resolution duly adopted by the Issuer on March 14, 2012 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement for the Series 2012 A Bonds, dated March 27, 2012 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"); 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 \$102,500, 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.

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Dated as of the day and year first above written.

TOWN OF MASONTOWN

By: *Rydia Mair*  
Its: Mayor

561890.00006

5889929

SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$528,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 27th day of March, 2012, 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 FIVE HUNDRED TWENTY-EIGHT THOUSAND DOLLARS (\$528,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. Interest only shall commence on the date hereof on the amounts advanced and outstanding, payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3% per annum, with the first payment due on July 1, 2012. Interest accrues at 3% per annum and interest and principal payments are payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year commencing on July 1, 2014 to and including January 1, 2032, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority dated March 27, 2012.

This Bond is issued (i) to pay a portion of the costs of design related to the acquisition and construction of certain extensions, additions, betterments and improvements to the public sewerage system of the Issuer ( the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage 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 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 8, 2012, and a Supplemental Resolution duly adopted by the Issuer on March 14, 2012 (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) 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 (THE "SERIES 2001 A BONDS"); (II) 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 (THE "SERIES 2001 B BONDS"); AND (III) 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 (THE "SERIES 2007 A 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, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2012 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 2012 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; provided however, that, so long as there exists in the Series 2012 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, 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 Mason  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

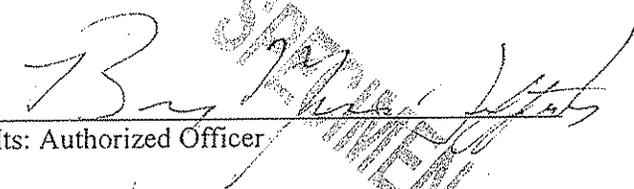
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 27, 2012.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

By:

  
Its: Authorized Officer

SAMPLE

EXHIBIT A  
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$102,500	03/27/12	(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  
WDA  
20 Years

Dated Date 3/27/2012  
Delivery  
Date 3/27/2012

Period Ending	Principal	Coupon	Interest	Debt Service
7/1/2012				
10/1/2012				
1/1/2013				
4/1/2013				
7/1/2013				
10/1/2013				
1/1/2014				
4/1/2014				
7/1/2014	5,659	3.000%	3,960.00	9,619.00
10/1/2014	5,701	3.000%	3,917.56	9,618.56
1/1/2015	5,744	3.000%	3,874.80	9,618.80
4/1/2015	5,787	3.000%	3,831.72	9,618.72
7/1/2015	5,830	3.000%	3,788.32	9,618.32
10/1/2015	5,874	3.000%	3,744.59	9,618.59
1/1/2016	5,918	3.000%	3,700.54	9,618.54
4/1/2016	5,963	3.000%	3,656.15	9,619.15
7/1/2016	6,007	3.000%	3,611.43	9,618.43
10/1/2016	6,052	3.000%	3,566.38	9,618.38
1/1/2017	6,098	3.000%	3,520.99	9,618.99
4/1/2017	6,143	3.000%	3,475.25	9,618.25
7/1/2017	6,190	3.000%	3,429.18	9,619.18
10/1/2017	6,236	3.000%	3,382.76	9,618.76
1/1/2018	6,283	3.000%	3,335.99	9,618.99
4/1/2018	6,330	3.000%	3,288.86	9,618.86
7/1/2018	6,377	3.000%	3,241.39	9,618.39
10/1/2018	6,425	3.000%	3,193.56	9,618.56
1/1/2019	6,473	3.000%	3,145.37	9,618.37
4/1/2019	6,522	3.000%	3,096.83	9,618.83
7/1/2019	6,571	3.000%	3,047.91	9,618.91
10/1/2019	6,620	3.000%	2,998.63	9,618.63
1/1/2020	6,670	3.000%	2,948.98	9,618.98
4/1/2020	6,720	3.000%	2,898.95	9,618.95
7/1/2020	6,770	3.000%	2,848.55	9,618.55
10/1/2020	6,821	3.000%	2,797.78	9,618.78
1/1/2021	6,872	3.000%	2,746.62	9,618.62
4/1/2021	6,924	3.000%	2,695.08	9,619.08
7/1/2021	6,976	3.000%	2,643.15	9,619.15
10/1/2021	7,028	3.000%	2,590.83	9,618.83
1/1/2022	7,081	3.000%	2,538.12	9,619.12
4/1/2022	7,134	3.000%	2,485.01	9,619.01
7/1/2022	7,187	3.000%	2,431.51	9,618.51
10/1/2022	7,241	3.000%	2,377.61	9,618.61
1/1/2023	7,295	3.000%	2,323.30	9,618.30
4/1/2023	7,350	3.000%	2,268.59	9,618.59
7/1/2023	7,405	3.000%	2,213.46	9,618.46

**BOND DEBT SERVICE**  
Town of Masontown  
WDA  
20 Years

Ending	Principal	Coupon	Interest	Debt Service
10/1/2023	7,461	3.000%	2,157.92	9,618.92
1/1/2024	7,517	3.000%	2,101.97	9,618.97
4/1/2024	7,573	3.000%	2,045.59	9,618.59
7/1/2024	7,630	3.000%	1,988.79	9,618.79
10/1/2024	7,687	3.000%	1,931.57	9,618.57
1/1/2025	7,745	3.000%	1,873.91	9,618.91
4/1/2025	7,803	3.000%	1,815.83	9,618.83
7/1/2025	7,861	3.000%	1,757.30	9,618.30
10/1/2025	7,920	3.000%	1,698.35	9,618.35
1/1/2026	7,980	3.000%	1,638.95	9,618.95
4/1/2026	8,040	3.000%	1,579.10	9,619.10
7/1/2026	8,100	3.000%	1,518.80	9,618.80
10/1/2026	8,161	3.000%	1,458.05	9,619.05
1/1/2027	8,222	3.000%	1,396.84	9,618.84
4/1/2027	8,284	3.000%	1,335.17	9,619.17
7/1/2027	8,346	3.000%	1,273.04	9,619.04
10/1/2027	8,408	3.000%	1,210.45	9,618.45
1/1/2028	8,471	3.000%	1,147.39	9,618.39
4/1/2028	8,535	3.000%	1,083.86	9,618.86
7/1/2028	8,599	3.000%	1,019.84	9,618.84
10/1/2028	8,663	3.000%	955.35	9,618.35
1/1/2029	8,728	3.000%	890.38	9,618.38
4/1/2029	8,794	3.000%	824.92	9,618.92
7/1/2029	8,860	3.000%	758.96	9,618.96
10/1/2029	8,926	3.000%	692.51	9,618.51
1/1/2030	8,993	3.000%	625.57	9,618.57
4/1/2030	9,061	3.000%	558.12	9,619.12
7/1/2030	9,129	3.000%	490.16	9,619.16
10/1/2030	9,197	3.000%	421.70	9,618.70
1/1/2031	9,266	3.000%	352.72	9,618.72
4/1/2031	9,335	3.000%	283.22	9,618.22
7/1/2031	9,405	3.000%	213.21	9,618.21
10/1/2031	9,476	3.000%	142.67	9,618.67
1/1/2032	9,547	3.000%	71.60	9,618.60
	528,000		154,929.56	682,929.56

Interest on the Bonds due from 7/1/2012 through 4/1/2014 is not shown on this debt service schedule because interest will be paid only on those amounts advanced in arrears and cannot be calculated at the time of closing.

(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

March 27, 2012

Town of Masontown  
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

Town of Masontown  
Masontown, West Virginia

West Virginia Water Development Authority  
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 \$528,000 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated the date hereof (the "Series 2012 A Bonds" or the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated March 27, 2012, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$528,000 in the form of one bond, registered as to principal and interest to the Authority, with interest only on amounts advanced and outstanding at the rate of 3% per annum payable quarterly on January 1, April 1, July 1 and October 1 of each year commencing July 1, 2012. Commencing April 1, 2014, interest accrues at the rate of 3% per annum, and interest and principal payments are payable quarterly on January 1, April 1, July 1 and October 1 of each year, commencing July 1, 2014, to and including January 1, 2032, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Series 2012 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of design of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on February 8, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 14, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Series 2012 A Bonds are authorized and issued, and the Loan Agreement has been entered into. The Series 2012 A 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 Series 2012 A 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 cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Series 2012 A Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Series 2012 A Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System on a parity with the Issuer's: (i) 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 (the "Series 2001 A Bonds"); (ii) 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 (the "Series 2001 B Bonds"); and (iii) 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 (the "Series 2007 A Bonds") (collectively, the "Prior Bonds"), all in accordance with the terms of the Series 2012 A Bonds and the Bond Legislation.

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

6. The Series 2012 A 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 Series 2012 A Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Series 2012 A Bonds and the enforceability of the Series 2012 A 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,

  
STEPH & JOHNSON PLLC



**Smith, McMunn & Glover, PLLC**  
Attorneys at Law

G. Thomas Smith  
D. Andrew McMunn  
David C. Glover

516 West Main Street  
Clarksburg, WV 26301

Telephone: (304) 326-6000  
Facsimile: (304) 326-4000  
Writer's Email: davidcglover@aol.com

March 27, 2012

Town of Masontown  
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

West Virginia Water Development Authority  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Masontown in Preston County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Bonds dated March 27, 2012, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a Bond Ordinance duly enacted by the Issuer on February 8, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 14, 2012 (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 and Sanitary Board of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

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

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection and the West Virginia Infrastructure and Jobs Development Council, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

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

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

Very truly yours,

A handwritten signature in cursive script that reads "David C. Glover".

David C. Glover

Enclosure

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. MEETINGS, ETC.
8. CONTRACTORS' INSURANCE, ETC.
9. LOAN AGREEMENT
10. RATES
11. SIGNATURES AND DELIVERY
12. BOND PROCEEDS; OTHER FUNDS
13. PUBLICATION AND PUBLIC HEARING ON BOND
14. SPECIMEN BOND
15. CONFLICT OF INTEREST
16. PERMANENT FINANCING
17. PROCUREMENT OF ENGINEERING SERVICES
18. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Masontown in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify on this the 27th day of March, 2012, in connection with the Issuer's Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds" or the "Series 2012 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 set forth in the Bond Ordinance of the Issuer duly enacted February 8, 2012, and the Supplemental Resolution duly adopted March 14, 2012 (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 Project, the operation of the System, the receipt of any grants, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the Project,

the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect.

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. The Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 A Bonds as to liens, pledge and source of and security for payment being the Issuers: (i) 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 (the "Series 2001 A Bonds"); (ii) 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 (the "Series 2001 B Bonds"); and (iii) 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 (the "Series 2007 A Bonds"), (collectively, the "Prior Bonds").

The Series 2012 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2012 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 2012 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.

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

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Petition of Sanitary Board

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

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

Evidence of Insurance

Prior Bond Ordinances

Consent of Water Development Authority

Consent of United States Department of Agriculture

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 or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Term of Office</u>
Lydia Main, Mayor	06/01/2011-06/01/2013
James Cottrell, Recorder	08/10/2011-06/01/2013
Curtis Dalton	06/01/2011-06/01/2013
Luther Thrasher	06/01/2011-06/01/2013
Roxie Turner	06/01/2011-06/01/2013
Marvin Stuck	06/01/2011-06/01/2013
vacant	

The duly elected or appointed officers of the Sanitary Board for 2012 are as follows:

Lydia Main, Chairman  
Preston Street  
Ted Gregg

The duly appointed and acting Town Attorney is Sheila Williams, Kingwood, West Virginia.

7. 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 financing of the Project or the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

8. INSURANCE: All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

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

10. RATES: The Issuer has duly enacted a sewer rate ordinance on June 22, 2011, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently in effect.

11. 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 numbered AR-1, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate, 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.

12. BOND PROCEEDS: On the date hereof, the Issuer received the sum of \$102,500 from the Authority, 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 the Project progresses.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Preston County Journal*, a qualified newspaper of general circulation in the Town of Masontown, there being no newspaper published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 8th day of February, 2012, at 6:00 p.m., at the Town Hall, Masontown, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

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

15. CONFLICT OF INTEREST: No member, 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.

16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds. In order to complete the Project, the Issuer has entered into a Contract with the Consulting Engineer for the engineering services.

17. PERMANENT FINANCING: The Issuer hereby certifies that it will promptly seek permanent financing for the acquisition and construction of the extensions, additions betterments and improvements to the existing sewerage facilities designed as a result of this Project, and will do all things necessary to effectuate such financing and apply the proceeds from such financing to pay the entire principal of and all accrued interest, if any, on the Bonds in full as soon as such financing is available.

18. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE

*Lydia Main*

*J. L. [Signature]*

\_\_\_\_\_

OFFICIAL TITLE

Mayor

Recorder

Counsel to the Issuer

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_

Mayor

\_\_\_\_\_

Recorder

David C. Slu

Counsel to the Issuer



**Smith, McMunn & Glover, PLLC**  
Attorneys at Law

G. Thomas Smith  
D. Andrew McMunn  
David C. Glover

516 West Main Street  
Clarksburg, WV 26301

Telephone: (304) 326-6000  
Facsimile: (304) 326-4000  
Writer's Email: [davidglover@aol.com](mailto:davidglover@aol.com)

March 27, 2012

Town of Masontown  
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

West Virginia Water Development Authority  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Masontown in Preston County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Bonds dated March 27, 2012, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a Bond Ordinance duly enacted by the Issuer on February 8, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 14, 2012 (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 and Sanitary Board of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

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

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection and the West Virginia Infrastructure and Jobs Development Council, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

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

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

Very truly yours,

A handwritten signature in cursive script that reads "David C. Glover".

David C. Glover

Enclosure

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

March 27, 2012

Town of Masontown  
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

Town of Masontown  
Masontown, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Sewer Rate Ordinance dated June 22, 2011 and projected operating expenses and anticipated customer usage as furnished to me by Thrasher Engineering, Inc., Consulting Engineer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Town of Masontown ("Issuer"), will provide for all Operating Expenses of the System and 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 Issuer's (i) Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority) to be issued in the amount of \$528,000 (the "Series 2012 A Bonds"), and all other obligations secured by a lien on or payable from such revenues on a parity or junior and subordinate with the Series 2012 A Bonds, including the Issuer's (i) 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) 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) 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 (the "Prior Bonds").

It is my further opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2012 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2012 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 2012 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 2012 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 2012 A Bonds.

Very truly yours,

A handwritten signature in cursive script that reads "ROTH & WHITE". The letters are fluid and connected, with a prominent loop at the start of the word "ROTH".

ROTH & WHITE, A.C.

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Masontown in Preston County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$528,000 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), of the Issuer, dated March 27, 2012 (the "Bonds"), hereby certifies on the 27th day of March, 2012, as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly adopted by the Issuer on February 8, 2012 and the Supplemental Resolution duly adopted by the Issuer on March 14, 2012 (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 March 27, 2012, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$102,500 being a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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"), 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 2012 A Bonds were sold on March 27, 2012, to the Authority, pursuant to a loan agreement dated March 27, 2012, by and between the Issuer and the Authority, for an aggregate purchase price of \$528,000 (100% of par), at which time, the Issuer received \$102,500 from the Authority, being a portion of the principal

amount of the Series 2012 A Bonds. No accrued interest has been or will be paid on the Series 2012 A Bonds.

6. The Series 2012 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 design of improvements to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) 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 5% on the Project, constituting a substantial binding commitment. In order to complete the Project, the Issuer has entered into a Contract with the Consulting Engineer for the engineering services The Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before July 1, 2014. The Project is expected to be completed by January 1, 2014.

8. The total cost of the Project is estimated at \$964,600. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2012 A Bonds	\$528,000
Deferral	<u>\$436,600</u>
Total Sources	<u>\$964,600</u>

USES

Costs of the Project	\$959,100
Costs of Issuance	<u>\$5,500</u>
Total Uses	<u>\$964,600</u>

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2012 A Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2012 A Bonds Project Trust Fund;
- (4) Series 2012 A Bonds Sinking Fund; and

(5) Series 2012 A Bonds Reserve Account.

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

(1) Series 2012 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2012 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2012 A Bonds during the Project and for a period not to exceed six months following completion thereof.

(2) Series 2012 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2012 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2012 A Bonds will be deposited in the Series 2012 A Bonds Project Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2012 A Bonds and related costs.

11. Moneys held in the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2012 A Bonds and will not be available to meet costs of the Project. All investment earnings on moneys in the Series 2012 A Bonds Sinking Fund and Series 2012 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2012 A Bonds Project Fund during 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 Project will proceed with due diligence to completion. The Project is expected to be completed within 18 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2012 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2012 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 24 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 System 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 2012 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 2012 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2012 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year. Moneys in the Series 2012 A Bonds Reserve Account and the 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on each series of 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.

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WITNESS my signature on this the day and year first above written.

TOWN OF MASONTOWN

  
\_\_\_\_\_  
Mayor

561890.00006

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

CERTIFICATE OF ENGINEER

I, Matthew W. Fluharty, Registered Professional Engineer, West Virginia License No. 016375, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify this 27th day of March, 2012 as follows:

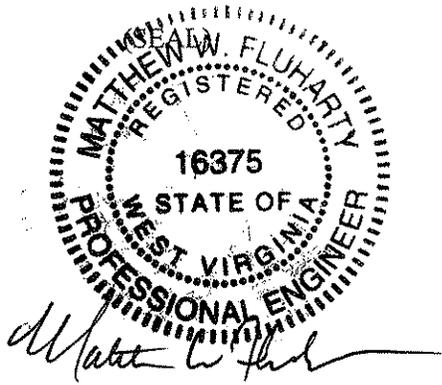
1. My firm is engineer for the design of certain additions, betterments, improvements and extensions (the "Project") to the existing public sewerage system (the "System") of the Town of Masontown (the "Issuer"), to be constructed primarily in Preston County, West Virginia, which Project is being financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance adopted by the Issuer on February 8, 2012, as supplemented by the Supplemental Resolution adopted by the Issuer on March 14, 2012, and the Loan Agreement by and between the Issuer and the Authority, dated March 27, 2012 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) temporarily financing a portion of the preconstruction services of the Project; and (ii) 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 completed by Thrasher Engineering, Inc., Consulting Engineer, as described in the application submitted to the West Virginia Department of Environmental Protection, and the Authority, requesting the Authority to purchase the Bonds (the "Application"); (ii) the sewage system of the Issuer which will be designed as a result of the Project will be adequate for the purpose for which it will be designed and, when constructed, will have an estimated useful life of at least forty (40) years; (iii) prior to construction, my firm will assist the Issuer in obtaining 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; (iv) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto, if any, are sufficient to pay the costs of the Project, as set forth in the Application; and (v) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on the day and year first written above.

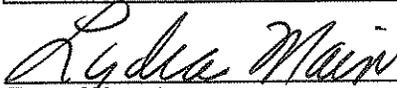
THRASHER ENGINEERING, INC.



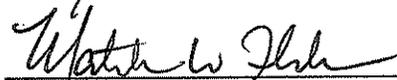
*Matthew W. Fluharty*  
\_\_\_\_\_  
Matthew W. Fluharty, P.E.  
West Virginia License No. 016375

Town of Masontown  
 2011S-1287 (WDA design loan)  
 SCHEDULE B

	TOTAL	WDA Pre- Construction Loan	Deferred
<b>PROJECT COSTS</b>			
1 Construction	0	0	0
2 Technical Services			
Preliminary Engineering	50,000	50,000	0
Engineering design	790,000	440,000	350,000
Special Services			
a. Funding Applications and Meetings	10,000	0	10,000
b. Engineering & Topographic Surveying	30,000	0	30,000
c. Geotechnical Engineering	15,000	0	15,000
3 Legal	20,000	10,000	10,000
4 Accounting	4,100	2,500	1,600
5 Administrative	40,000	20,000	20,000
6 Sites and Lands	0	0	0
7 Contingency	0	0	0
8 Total of Lines 1 through 7	959,100	522,500	436,600
<b>COST OF FINANCING</b>			
9 Capitalized interest	0	0	0
10 Reserve	0	0	0
11 Registrar	500	500	0
12 Bond Counsel	5,000	5,000	0
13 Total Cost of Financing (line 9 through 12)	5,500	5,500	0
14 Total Cost of Project (line 8 plus line 13)	964,600	528,000	436,600
<b>SOURCES OF FUNDS</b>			
15 Federal Grants	0	0	0
16 State Grants	0	0	0
17 Other Sources (deferrment)	436,600	0	436,600
18 Total Grants (lines 15 through 17)	436,600	0	436,600
19 Proceeds needed from Bond Issue (line 14 minus line 18)	528,000	528,000	0

  
 \_\_\_\_\_  
 Town of Masontown

3-14-2012  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Thrasher Engineering

3/7/12  
 \_\_\_\_\_  
 Date

INCORPORATION OF TOWN OF MASONTOWN  
+++++

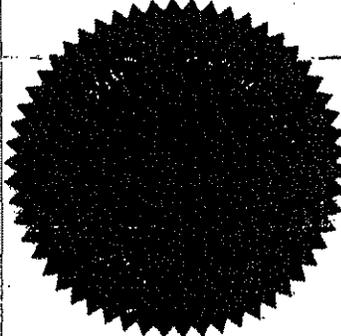
STATE OF WEST VIRGINIA,

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. 108.3 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.  $85\frac{1}{2}^{\circ}$  E. 46.6  
poles to a fallen white oak, thence leaving said addition N.  $7^{\circ}$   
E. 68 poles to a stone and maple pointers on the west side of  
the County road leading from the Ices Ferry and Tunnelton Pike,  
near Sanford Scott to the depot, thence N.  $24^{\circ}$  W. 35.4 poles to a  
fallen white oak, corner to the "Fall's Tract", S. R. Martin and  
others, thence with part of a line of said Martin N.  $73^{\circ}$  E.  
202 poles to a post, corner to S.R. Martin and Sanford Scott,  
thence S.  $59^{\circ} 41'$  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. J. Hall*  
Clerk.

*Filed 07/11/05*

*Book # 2*

*Page # 49*

## Rules

TOWN OF MASONTOWN

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

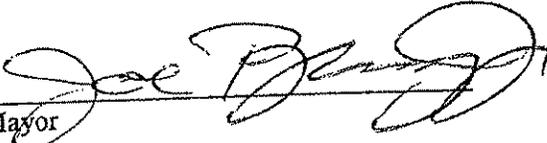
Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Town of Masontown does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose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

1. Regular Meetings. A notice shall be posted and maintained by the Town Clerk at the front door or bulletin board of the Masontown Town Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Town Clerk not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the Town Clerk at the front door or bulletin board of the Masontown Town Hall not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

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

Adopted this 10th day of May, 2001.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Town Clerk

CERTIFICATION

I, Alice Sines, duly appointed Town Clerk of the Town of Masontown do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the Town Council of the Town of Masontown at a regular meeting of Town Council held 5-10, 2001, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 30<sup>th</sup> day of May, 2001.

[SEAL]

Alice Sines  
Town Clerk

04/27/01  
561890/98001

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

---

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

I, 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 *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

---

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

---

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

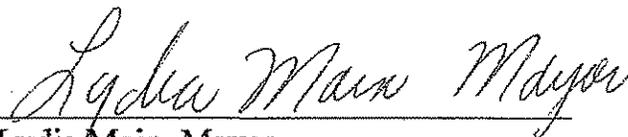
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STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT

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.

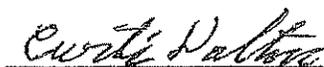
  
\_\_\_\_\_  
Lydia Main, Mayor

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

---

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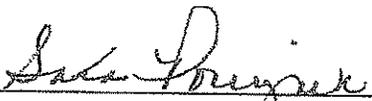
STATE OF WEST VIRGINIA  
COUNTY OF PRESTON  
TOWN OF MASONTOWN--TO WIT

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

**\_\_\_\_\_ TO AMEND AND REENACT THE TOWN OF MASONTOWN SEWER TARIFF  
ORDINANCE #96**

**APPLICABILITY**

APPLICABLE WITHIN THE ENTIRE TERRITORY SERVED.

**RATES** (CUSTOMERS WITH METERED WATER SUPPLY)

First	3,000 gallons	\$9.10 per 1,000 gallons
Next	4,000 gallons	7.28 per 1,000 gallons
Next	8,000 gallons	6.12 per 1,000 gallons
Next	10,000 gallons	5.37 per 1,000 gallons
Next	25,000 gallons	4.39 per 1,000 gallons
Over	50,000 gallons	3.48 per 1,000 gallons

Minimum Monthly Bill=\$27.30  
4,000 Gallon Monthly Bill=\$34.58  
4,500 Gallon Monthly Bill=\$38.22

**Minimum Bill**

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

5/8x3/4 inch meter	\$ 27.30 per month
3/4 inch meter	40.95 per month
1 inch meter	68.25 per month
1-1/2 inch meter	136.50 per month
2 inch meter	218.40 per month
3 inch meter	409.50 per month
4 inch meter	682.50 per month
6 inch meter	1,365.00 per month
8 inch meter	2,184.00 per month

The monthly minimum bill shall be \$27.30 per month

**Leak adjustment**

\$0.46 per 1,000 gallons is to be used when a bill reflects unusual consumption, which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all consumption above the customer's historical usage.

**UNMETERED/UNMEASURED RATES**

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be \$38.22 per month equivalent to 4,500 gallons usage for residential customers.

TOWN OF MASONTOWN-SEWER DEPARTMENT

Schedule of Proposed Tariff and Sewer User Analysis (Continued)

This amendment will not take effect sooner than forty five days after final passage or adoption

RECEIVED  
11 JUN 29 AM 8:05  
IN VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

TOWN OF MASDONTOWN - SEWER DEPARTMENT

Multiple Occupancy

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly minimum bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge.

House trailer or mobile home courts served through a single meter shall be required to pay the monthly minimum bill multiplied by the number of units in place at the time the meter is read each month.

Resale Rate

The resale rate or bulk rate shall be \$4.60 per thousand gallons for all usage.

Delayed Payment Penalty

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

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

Security Deposit

\$50.00 or two-twelfths (2/12) of the average annual usage of the applicants customer class, whichever is the greater.

Sewer Connection Charge (Tap Fee)

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

A tap fee of \$350.00 will be charged to all customers who apply for service outside a certificate proceeding before the Commission for each new tap to the service

Reconnection Service Charge

There shall be reconnection charge of \$20.00, to be charged whenever water service has been disconnected for non-payment of sewer bills, or violations of the Rules.

VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

JUN 29 AM 8:06

RECEIVED

TOWN OF MASONTOWN - SEWER DEPARTMENT

Surface or Ground Water Surcharge

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected the utilities sewer system.

Wherever the utility has discovered that a customer's roof drain, down spout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times 0.0006233 \times C$$

S = The surcharge in dollars

A = The area under the roof and/or the area of any other water collection

R = The measured monthly rainfall, in inches

0.0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C = The utility's approved rate per thousand gallons of metered water usage

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water in accordance with the Rules of the Public Service Commission of West Virginia.

THIS ORDINANCE WILL NOT TAKE EFFECT SOONER THEN 45 DAYS AFTER FINAL PASSAGE OR ADOPTION.

W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

11 JUN 29 AM 8:06

RECEIVED

RECEIVED

11 JUN 29 AM 8:06

# Certificate of Publication

W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

### LEGAL NOTICE NOTICE

TOWN OF MASONTOWN  
Notice is hereby given that the Town of Masontown, a municipal corporation, will hold a hearing before the final vote on a proposed ordinance, the principal object of which is the increase of sewer rates for customers of the sewage system operated by the Town of Masontown. The title of such ordinance is "An Ordinance to Increase Sewer Rates". The final vote on adoption of said proposed ordinance shall be held in the Council Chambers of the Town of Masontown, Town Hall, Midway Avenue, Masontown, West Virginia, on June 22, 2011 at six o'clock (6:00) p.m. Interested parties may appear and be heard at such time with respect to the passage of the proposed ordinance. Copies of the proposed ordinance are available at the Masontown Water Works Office, Main Street, Masontown, West Virginia.

6/15/22

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

### Sewer Rates

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 6/15/11

and expiring with its issue of 6/22/11

And, I do further certify that on 6/22/11

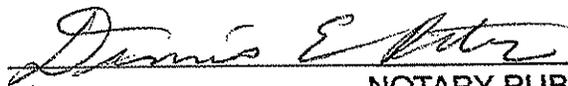
I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.



ADVERTISING MANAGER

Subscribed and sworn to before me this the

22nd day of June, 2011

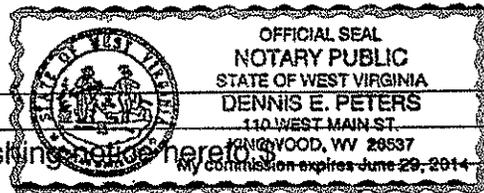


NOTARY PUBLIC

My commission expires 6/29/2014

Kingwood, WV  
Received of \_\_\_\_\_

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



ADVERTISING MANAGER

RECEIVED

11 JUL 29 AM 8:32

# Certificate of Publication

WV PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

## LEGAL NOTICE PUBLIC NOTICE OF CHANGE IN SEWER RATES BY TOWN OF MASONTOWN

Notice is hereby given that Town of Masontown, operating Masontown Sewerage, a public utility, has adopted an ordinance on June 22, 2011, a tariff containing increased rates, tolls and charges for furnishing sewer service to 515 customers at Masontown, in the County of Preston.

The proposed increased rates and charges will become effective August 8, 2011, unless otherwise ordered by the Public Service Commission and will produce approximately \$48,698 annually in additional revenue, an increase of 30%. The average monthly bill for the various classes of customers will be changed as follows:

	(\$) INCREASE	(%) INCREASE
Residential	\$6.30	30%
Commercial	N/A	N/A
Industrial	N/A	N/A
Retail	N/A	N/A
Other	N/A	N/A

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

(2) Any customer who is served by the municipally operated public utility 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 municipal utility. 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, WV 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the office of the Masontown Water Works, 15 N. Main St., Masontown, WV.

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, P.O. Box 812, Charleston, WV 25323.

7/8/16

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

Sewer Rates

has been published for Two successive weeks in said newspaper, beginning with its issue of 7/9/11

and expiring with the issue of 7/16/11

And, I do further certify that on 7/16/11

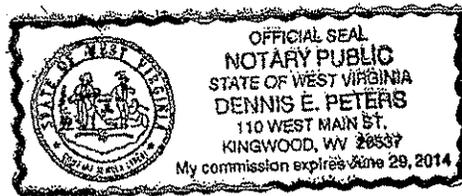


ADVERTISING MANAGER

Sworn to and subscribed before me this the 16th day of July, 2011

  
NOTARY PUBLIC

My commission expires 6/29/2014



**TOWN OF MASONTOWN  
TOWN COUNCIL MEETING  
JUNE 8, 2011**

The meeting was called to order by the Mayor, Lydia Main. Council persons attending were James Cottrell, Mick Thrasher, Marvin Stuck, Roxie Turner and Curtis Dalton. In lieu of the absence of recorder Sara Powroznik, clerk Donna Montgomery took the minutes of the meeting.

No minutes of the previous meeting were read, due to the recorders absence.

**OLD BUSINESS**

Discussion on the state of some properties in town in relation to the height of lawn grass. Several names were given to Donna to send grass letters to.

Discussion on automobiles that are unlicensed, broken down, etc. The ordinance calls for no more than one automobile of this sort on a property. A letter will be sent to James McMillion concerning automobiles on his properties.

Lydia is going to check to see if it is now allowed for James McMillion to tear down his burned out building on St. Rt. 7. Concerns are for safety and aesthetic reasons. .

Discussion on dilapidated buildings in town.

Donna reported that she now has enough people to work the election board next Tuesday for the Municipal election.

**NEW BUSINESS**

Marvin read the first reading of "An Ordinance to Increase Sewer Rates" to the council and audience. Discussion and questions were presented concerning this subject. ✓

Committee reports were given. The Parks committee had nothing to report; Streets committee is looking into renting a sweeping attachment for a bobcat to sweep our streets.

Marvin Stuck read the second reading of "An Ordinance to Increase Sewer Rates" to the council and audience.

Mayor Main read the bills as a financial report. Motion to approve; motion seconded; motion passed.

Motion to adjourn the meeting made by Curtis Dalton; seconded by Roxie Turner; motion passed.

*Sara Powroznik, Recorder*

**TO AMEND AND REENACT THE TOWN OF MASONTOWN SEWER TARIFF  
ORDINANCE #96**

**APPLICABILITY**

APPLICABLE WITHIN THE ENTIRE TERRITORY SERVED.

**RATES (CUSTOMERS WITH METERED WATER SUPPLY)**

First	3,000 gallons	\$9.10 per 1,000 gallons
Next	4,000 gallons	7.28 per 1,000 gallons
Next	8,000 gallons	6.12 per 1,000 gallons
Next	10,000 gallons	5.37 per 1,000 gallons
Next	25,000 gallons	4.39 per 1,000 gallons
Over	50,000 gallons	3.48 per 1,000 gallons

Minimum Monthly Bill=\$27.30

4,000 Gallon Monthly Bill=\$34.58

4,500 Gallon Monthly Bill=\$38.22

**Minimum Bill**

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

5/8x3/4 inch meter	\$ 27.30 per month
3/4 inch meter	40.95 per month
1 inch meter	68.25 per month
1-1/2 inch meter	136.50 per month
2 inch meter	218.40 per month
3 inch meter	409.50 per month
4 inch meter	682.50 per month
6 inch meter	1,365.00 per month
8 inch meter	2,184.00 per month

The monthly minimum bill shall be \$27.30 per month

**Leak adjustment**

\$0.46 per 1,000 gallons is to be used when a bill reflects unusual consumption, which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all consumption above the customer's historical usage.

**UNMETERED/UNMEASURED RATES**

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be \$38.22 per month equivalent to 4,500 gallons usage for residential customers.

TOWN OF MASONTOWN-SEWER DEPARTMENT

Schedule of Proposed Tariff and Sewer User Analysis(Continued)

This amendment will not take effect sooner than forty five days after final passage or adoption

## TOWN OF MASONTOWN REGULAR MEETING

June 22, 2011

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 2011 to 2013 Town Officials were sworn into office.

The minutes of May 25, 2011 and June 8, 2011 were read and approved.

### OLD BUSINESS

A letter was sent to McMillion concerning the burned out building. Mayor Main read the letter requesting clean up of this property within two weeks or further legal action would be taken.

Marvin read the proposed sewer rate increase ordinance final reading and adoption of proposed ordinance. Discussion followed. Motion was made by Marvin to adopt the proposed ordinance and Mick second. Motion carried. ✓

Grass cutting letters - Letters were sent to Jaclyn Shaw, James McMillion, and Charles Strand. An invoice was sent to Charles Strand in the amount of \$160.00 for the Town mowing the grass.

Roxie asked if <sup>Tim</sup> ~~Ken~~ Shaffer was sent a letter. Mayor Main reported a letter was suppose to have been sent, but there is no record that it was done.

A letter was sent to Moats on Depot St. but came back with an incorrect address. Roxie to find out where the tax records are being sent.

A letter was sent to Daniel Dalton on 164 East St. to clean up the unsightly collection of litter, building materials etc. Letter requested him to comply with the Town Ordinance to prevent further legal steps.

### NEW BUSINESS

Canvass of ballots was done.

Roxie brought up that the road above her washes down and is causing problems because cars spin and throw rocks and they are hitting her house and putting holes in her siding. Marvin and Mick to go see what can be done about this runoff.

Mayor Main read a letter that was sent to Marie Gibson concerning the shrubs that were cut and thrown over on town property. The letter requested these shrubs be cleaned up in five working days which would be June 29. If not done the Town would clean up the shrubs and send an invoice for the cost of clean-up.

### Committee Reports

Streets - A 5 ton weight limit sign is to be bought and posted on East St. There is a concern of water trucks hauling on this road that are over the weight limit. Mayor Main stated she would have the police monitor this road. Also discussion on Austin Powder trucks and Valley Fuel trucks.

Bills were read and approved.

Mayor Main also reported that she had talked to the Sheriff about how many unlicensed vehicles can sit on your property. He did not know.

Discussion on Junk Ordinance that was passed last year and is not in the ordinance book.

Discussion on Thornton property on Depot St. Mayor Main reported a letter had been sent out and the time has expired according to the ordinance.

Mayor Main read a letter from Susie Huggins responding to the grass letter that she was sent. Discussion on what actions would be taken. Discussion on where the passed ordinance is and the ordinance is to be followed.

Meeting adjourned at 7:25 p.m.

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

*Donna Montgomery*  
Recorder, Sara Powroznik

*Town Clerk*

# 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, February 8, 2012, 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 DESIGN OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF MASONTOWN OF NOT MORE THAN \$528,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 design related to the acquisition and construction of certain extensions, additions, betterments and improvements to the public sewerage 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 January 11, 2012. 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.

Lydia Main  
Mayor  
1/25, 2/1

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

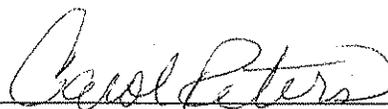
Town of Masontown

copy of which notice is hereto annexed, was published in said paper for two successive weeks, beginning with its issue of 1/25/12

and expiring with its issue of 2/1/12

and, I do further certify that on 2/1/12

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



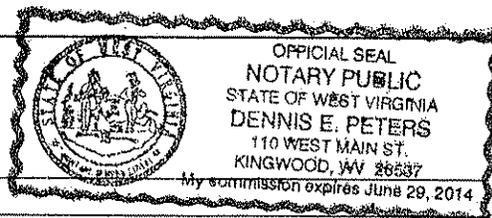
ADVERTISING MANAGER

subscribed and sworn to before me this the 1st day of February, 2012



NOTARY PUBLIC

My commission expires 6/29/2014



Kingwood, WV  
Received of \_\_\_\_\_  
Amount for publishing notice hereto \$ \_\_\_\_\_

ADVERTISING MANAGER

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

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 meeting 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 March, 2012, in Preston County, West Virginia, at the hour of 6:00 p.m.

Lydia Main, Mayor, presided, and James Cottrell, 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 SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE TOWN OF MASONTOWN; APPROVING AND RATIFYING THE 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; 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 Luther 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 Roxie Turner and seconded by Luther Thrasher, it was unanimously ordered that the said Sweep Resolution be adopted.

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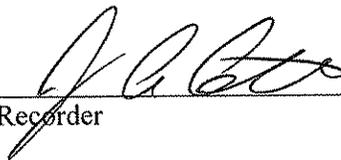
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[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 27th day of March, 2012.

  
\_\_\_\_\_  
Recorder

# TOWN OF MASONTOWN

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Town of Masontown held a regular meeting in town hall at 6:00 pm on December 14, 2011. 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 from the November 9, 2011 meeting were read and approved.

New business: John Stump from Steptoe and Johnson was in attendance to finalize the closing of the funds for the AML project. We will close ~~the~~ on December 22, 2011. John stated that it is a 40 year loan with 0% interest, and that the bills need to be mailed out 3 months before the June 2013 completion. A motion was made by Mick Thrasher and seconded by Marvin Stuck to accept the bond issue. Motion passed.

John also explained the Sweep Resolution and motion was made by Marvin Stuck and seconded by Roxie Turner. Motion approved. A motion was also made to accept the Draw Resolution Roxie Turner moved to accept, Marvin Stuck seconded it. Motion approved.

There was also the first reading of the Bond Ordinance to accept the new sewer project upgrades. Mick Thrasher moved to accept the first reading, Marvin Stuck seconded it, motion approved.

Old business: Mr. McMillion has not made up his mind about his building. He has however asked for a \$25,000 building permit.

Parking on West Depot Way: Concern over the parking on West Depot Way came from the residents. Mayor Main read the ordinance #60. Discussion on this followed. A suggestion was made to paint lines to accommodate parking per house. They spaces will be lined approximately the length of a car (18ft) and will be labeled for each house. We wouldn't be able to do this till the spring. It was also discussed about an alley to be opened above the houses on the hill.

It was also brought to the council's attention that Susie Huggins blew leaves into the street which in turn went into the ditch. Discussion followed.

Marvin Stuck made a motion that we donate \$100 to the fire department for the annual Christmas parade. Roxie Turner seconded it. Motion approved.

Mayor Main read the bills. Roxie Turner made the motion to pay the bills Marvin Stuck seconded it. Motion Passed. Meeting was adjourned at 7:00 pm.

Lydia Main Mayor

[Signature] Recorder

# TOWN OF MASONTOWN

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Town of Masontown held a regular meeting in town hall at 6:00pm on January 11<sup>th</sup>, 2012. 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 were read and approved.

New business: The second reading and act upon a proposed Bond ordinance providing for the issuance of its sewage system design revenue bonds, series 2012 A (the bonds). The process of the bonds will be used (1) to pay a portion of the cost of design related to the acquisition and construction of certain extensions, additions, betterments, and improvements to the public sewerage 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 made a motion to accept, Marvin seconded, motion carried.

Mr. McMillion was in attendance to give us an update on his building. He stated that he has 3 options; tear down and rebuild, repair, or tear down and leave a vacant lot. He requested more time on this. Council asked him to have an answer by the next meeting and that his contractor be in attendance. Mick also asked him about his vehicles on Cherry Street. He answered that he will do something.

Mayor Main gave a report that the AML water project will start January 16<sup>th</sup>, 2012.

Mick gave a report on West Depot Way concerning the parking. He measured from 50 feet above Hanlin's alley to Tom Shillingberg's alley, a total of 619 feet. From this you must deduct: 42 ft. entrance into the houses on the left hand side going down. 45 ft. total for 2 fire hydrants, giving a grand total of 532 feet available parking area. According to prior commitments, each house was promised 2 parking spaces. There are 7 houses on the left side of the street; 9 houses on the right side of the street. This works out to each house having 33 feet of parking space. A regulation parking space is 25 feet, so it is impossible to get 2 parking spaces for each house.

Bob Johnson stated he has put up signs in front of his house and expressed concern over the safety of his vehicles. Discussion followed. Discussion on opening the alley above the houses.

Tom Shillingberg expressed concern over the neighbors across the street and their garbage.

Mayor Main read the bills. Roxie moved to accept, Marvin seconded, motion approved. Meeting adjourned at 6:25.

*Lydia Main*

\_\_\_\_\_  
Mayor

*[Signature]*

\_\_\_\_\_  
Recorder

# TOWN OF MASONTOWN

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Town of Masontown met in regular session on February 8, 2012, at Town Hall. The meeting was called to order by Mayor Lydia Main at 6pm. Members present were Mick Thrasher, Marvin Stuck, Jimmy Cottrell, Roxie Turner and Curtis Dalton. The minutes from the January 11<sup>th</sup> meeting were read and approved.

New business- John Stump from Steptoe and Johnson was in attendance to conduct a public hearing and consider the third reading and act upon a proposed bond ordinance providing for the issuance of its sewerage system design revenue bonds, series 2012 A (the design bonds). The proceeds of the bonds will be used (1) to pay a portion of the costs of design related to the acquisition and construction of certain extensions, additions, betterments and improvements to the public sewerage system of the issuer; and (2) to pay certain costs of issuance hereof. The design bonds are payable solely from revenues to be derived from the ownership and operation of the system of the town. A motion was made by Mick to accept the third reading of these bonds, Marvin seconded motion approved. ✓

Mr. McMillion was in attendance to give an update on his building. He stated that he contacted a few contractors. The council said they would be in contact with some people they may know. He also stated that he is talking to a guy but has run into problems about moving his vehicles. It was agreed by council to give him till the next meeting to give us his answers. Discussion followed.

Mayor Main gave an update on the former light and power building. The state said that it has cost more than expected but hope to finish it in March.

It was brought before council that the town needs to purchase new parking meters. The reason for this is, our current meters are outdated and parts are getting hard to find. Mick made a motion that we purchase 9 new meters for approximately \$1800. Marvin seconded, motion approved.

Mick gave a report on the AML project.

Marvin made a motion to adjust the budget to divide up the payroll expenses. Roxie moved, Mick seconded, Motion approved.

Jimmy stated that the basketball court will need sealed this spring. He will look into seeing if it is easier to have Polce Seal Coating to do it or the town.

Chris Kelly was in attendance and brought before council his deed to his property. He stated that he wants to use a right away that cuts across Tom Shillingburg's property. Tom stated that his deed, along with Bob Johnsons, states the right-aways are void 5 years after city water is installed. Discussion followed.

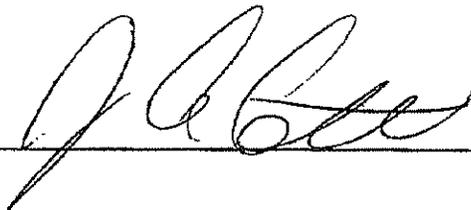
Kim Chattee was in attendance to express concern over that parking on West Depot Way. Bob and Joyce Johnson expressed concern over the same issue. Both sides gave their story. Mayor Main asked council their opinion. It was decided that Kim was to leave enough room between her car and the Johnsons.

Mayor Main read the bills. Roxie moved to accept, Curtis seconded, motion approved.

Meeting was adjourned at 7.08pm



\_\_\_\_\_  
Mayor



\_\_\_\_\_  
Recorder

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

**NEW ISSUE REPORT FORM**

Date of Report: 27-Mar-12

ISSUE: Town of Masontown  
Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority)

ADDRESS: P.O. Box 340, Mastontown, WV 26542 COUNTY: Preston

PURPOSE OF ISSUE:  
 New Money: x  
 Refunding: \_\_\_\_\_

ISSUE DATE: 27-Mar-12 REFUNDS ISSUE(S) DATED: NA

ISSUE AMOUNT: \$528,000 CLOSING DATE: 27-Mar-12

1ST DEBT SERVICE DUE: 7/1/2012 RATE: 3%; interest only for 24 months, then P&I

1ST DEBT SERVICE AMOUNT to be determined 1ST PRINCIPAL DUE: 7/1/2014

PAYING AGENT: Municipal Bond Commission

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

UNDERWRITERS COUNSEL Firm: Jackson Kelly PLLC  
 Contact: Samme L. Gee, Esq.  
 Phone: 304.340.1318

CLOSING BANK: Bank: WesBanco Bank  
 Contact: Sandy Murray  
 Phone: 304.864.6300

ESCROW TRUSTEE: Firm: \_\_\_\_\_  
 Contact: \_\_\_\_\_  
 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT Contact: Lydia Main  
 Position: Mayor  
 Phone: 304.864.5555

OTHER: Agency: West Virginia  
Water Development Authority  
 Contact: Chris Jarrett  
 Position: Director  
 Phone: 304.414.6500

DEPOSITS TO MBC AT CLOSE

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

REFUNDS & TRANSFERS BY MBC AT CLOSE

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

NOTES: The Series 2012 A Bonds Reserve Account will be funded in equal monthly installments over a 10 year period.

\_\_\_\_\_

\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
 DOCUMENTS REQUIRED: \_\_\_\_\_  
 TRANSFERS REQUIRED: \_\_\_\_\_

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Masontown (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that Sewerage System Design Revenue Bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed \$528,000 for the purposes of paying a portion of the costs of (i) design of certain acquisition and construction of improvements to the existing public sewerage facilities of the Town and (ii) paying the costs of issuance and related costs.

Directed this 8th day of December, 2011.

SANITARY BOARD OF THE TOWN OF MASONTOWN

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

  
Its: Chairman

561890.00006

5890084

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TOWN OF MASONTOWN  
ORDINANCE CREATING A SANITARY BOARD  
OF THE TOWN OF MASONTOWN

WHEREAS, the Town of Masontown (the "Town") now contemplates the issuance of its sewer revenue bonds to finance the acquisition, construction and equipping of a sanitary sewerage system, and future additions, extensions and improvements thereto (the "System"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a sanitary board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF MASONTOWN AS FOLLOWS:

Section 1. The Council of the Town (the "Council") does hereby create and establish a Sanitary Board (the "Sanitary Board" or "Board"), with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the Town, who shall act as Chairman of the Sanitary Board, and two persons appointed by the Council, one of whom, during the period of construction of the System or any additions thereto must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. The appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on the Sanitary Board until at least 1 year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice

chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond as required under Section 9 hereof.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board shall receive such compensation, if any, for their services, either as a salary or as payments for meetings attended, as the Council may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. Any such compensation and expenses paid solely from funds derived from the System, but there shall be no liability upon the Town for any compensation or expenses so incurred.

Section 5. Powers, Duties and Limitations. A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by the Act, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in the Act as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of the Act shall be paid solely and only from funds provided under the authority of the Act, and the Board shall not exercise or carry out any authority or power given it so as to bind the Board or the Town beyond the extent to which money shall have been or may be provided under the authority of the Act. No contract or agreement with any contractor or contractors for labor and/or material exceeding the sum of \$5,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, acquisition, installation and completion of such works, the Sanitary Board shall operate, manage and control the same and may order and

complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by the Act, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by the Act, or which may be granted to it by amendments to the Act, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this ordinance and the Act shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided by the Act.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the West Virginia Code of 1931, as amended, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Fidelity Bonds. The Sanitary Board shall require all persons who collect or otherwise handle funds of the Board or the System to furnish a good and proper bond, with a recognized and reputable surety, conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons.

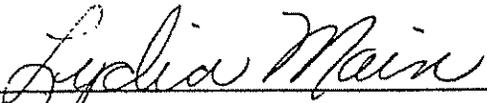
Section 10. Effective Date. This Ordinance shall take effect immediately following the second reading hereon.

Passed on First Reading:

December 10, 1998

Passed on Second Reading:

January 14, 1999

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

REGULAR MEETING - DECEMBER 10, 1998

The Town Council of Masontown met in regular session at the Town Hall at 6:00 p.m. The meeting was called to order by the Mayor, Lydia Main. Members present were Marvin Stuck, Jean Friend, Conrad Pride, Perry Mathew and Delmer Gibson.

The minutes of the meeting of November 20, 1998, were read and approved.

The Chief reported that he had taken care of the problems with Doug Johnson's garbage, B & K Mart's parking and John Moons fence.

Perry reported that he had contacted Terry Cochran at Allegheny Power Company, in regard to getting the pole moved at the Corner of East Depot Street and Route #7. He was told not to "hold much faith" in getting this pole moved.

The Chief also reported that he had talked with Street's Store in regard to the trucks loading and unloading in front of the store (on Rt #7). They said they would do their best to take care of this problem.

An invitation from Cerrone and Associates to their Christmas Party was given to Council Members. There was not any interest shown from Council.

An Ordinance Creating A Sanitary Board of the Town of Masontown was discussed and questions were asked. A motion was made by Marvin Stuck and Seconded by Conrad Pride to pass this Ordinance through the First Reading. Motion carried.

It was announced that there would be a special Police Committee meeting on December 14, 1998, at 5:00 p.m.

The legal ad soliciting sealed bids on the new Town Hall has been placed in the Preston County Journal/News. Dan mentioned that he had a real concern about paying back the loan that will be needed to pay for this building.

Council is taking suggestions as to what they would like to buy for the Police Department with the recent \$1000 donation from the American Legion.

There will not be any council meeting until January 14th, 1999; because, the next regularly scheduled meeting falls on Christmas Eve. Also, Town Hall will close at noon on December 24th and on December 31st.

A letter was looked at by Council in regard to an upcoming raise in the cable.

Roy Deavers was thanked for his extra work since Dave Feather has been off.

It was decided to bag the parking meters in Town until after Christmas, to allow free parking.

A motion was made by Marvin Stuck to pay the bills. Delmer Gibson seconded the motion. Motion passed.

The Mayor reported that she is looking into the possibility of getting some streets in the Corporation repaired under the "Orphan Road Program". This is to be discussed further at our next meeting.

10311	SuperAmerica	Gas/Police	60.19
10312	WV State Treas. Office	CVR-LET-RJ For Nov.	2,070.00
10313	S & K Sanitation	November	1,665.72
10314	Alice Sines	½ Sal. 11/11 to 11/24/98	178.63
10315	A & A Office Helpers	Office Supplies	8.21
10316	Thomas Broadstock	Sal. 11/19 to 12/02/98	150.91
10317	Brueau of Child Support	T. Broadstock	253.50
10318	Roy Denjen	Sal. 11/19 to 12/02/98	404.89
10319	Lydia Main	Travel Exp. to Charleston 11/06, 11/13, 11/17	316.80
10320	Alice Sines	½ Sal. 11/25 to 12/08/98	178.17
10321	Streets Store	Supplies	22.59
10322	Citizens Communication	Phone Bill ½ 864-5555	12.49

REGULAR MEETING - JANUARY 14, 1999

The Town Council of Masontown met in regular session at the Town Hall at 8:00 p.m. The meeting was called to order by the Mayor, Lydia Main. Members present were Marvin Stuck, Jean Friend, Conrad Pride, Perry Mathew and Delmer Gibson.

The minutes of the meeting of December 10, 1998, were read and approved.

Building Permits were approved for Brian Malcolm and Italia Sylvester.

Discussion on what roads to request getting repaired under the "Orphan Road Program". Conrad Pride made a motion that we include Lemon Avenue, Orchard Street and Monkey Row by Resolution. Marvin Stuck seconded the motion. Motion passed.

Second reading was held on the Ordinance Creating a Sanitary Board of the Town of Masontown. A motion was made by Marvin Stuck and seconded by Conrad Pride to pass this Ordinance through the second reading. Motion passed.

Holly Childs discussed the sewer project. Council was not happy with the projected starting date of construction, which was November. Lydia was to contact Cerrone & Associates in regard to this.

Holly also reported that the prison people will be in town next week; but, a formal announcement will not be made until March 1st.

The "Rules & Regulations" for the Police Department was discussed. A motion was made by Delmer Gibson and seconded by Dan Luzier to accept these Rules & Regulations. Motion passed.

The American Legion gave the Police Department an additional \$500 donation. A motion was made by Marvin Stuck and seconded by Dan Luzier to purchase another portable radio for the Police Department, using part of the money donated by the American Legion. Motion passed. Dan is to take care of getting this radio.

A motion was made by Marvin Stuck and seconded by Perry Mathew that we send letters to Larry Williams in regard to getting money for a cinder spreader; and, to see if it would be possible to get the Department of Highways to locate a garage back in the Masontown area. Motion passed.

A letter has been sent to SuperAmerica about the possibility of them donating their property to the Town for a new Town Hall.

A letter is to be sent to Senator Jon Hunter asking his support of Senate Bill 444.

Conrad will start on sewer right-of-ways as soon as possible.

A Certificate has been presented to the Police Department for Incident Base Reporting. Marvin thanked Alice for the fine job that she has been doing on the police department computer.

Perry asked about snow removal on the town streets on the weekends.

Nancy Cipolloni suggested that maybe if the town could get people to park off of the streets, this would help with the snow removal. Also, she suggested that they try to plow down-hill instead of up-hill.

The DOH is to be contacted in regard to the speed of some of their drivers coming through town spreading cinders. Lydia and Conrad both said that cinders have hit their windows when these trucks have been going too fast.

Donna Montgomery thanked the town for the "No Parking Against Traffic" sign in front of Streets Store. She said that this has really helped the problems with parking there.

The sealed bids on the new town hall were opened by the Mayor. They were as follows: J & J Homes --- \$61,000

Town & Country Homes --- \$71,803

Dan suggested that the Mayor take these bids to Charleston with her and see if we can get additional funds to help pay for this new town hall.

A motion was made by Perry Mathew and seconded by Marvin Stuck to sell the tires off of the Dynasty to Tom Broadstock for \$80.00. Motion passed. Tom is to switch tires from his car back to the Dynasty.

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

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 February 8, 2012, and a Supplemental Resolution adopted by the Issuer on March 14, 2012 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated March 27, 2012, issued in the original aggregate principal amount of \$528,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 27th day of March, 2012.

WESBANCO BANK, INC.

By: Sandra L Murray Bear  
Its: Authorized Officer

561890.00006

5890037

TOWN OF MASONTOWN

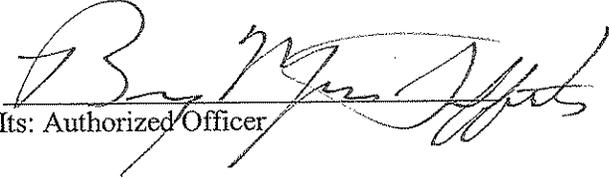
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Masontown Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated March 27, 2012, issued in the original aggregate principal amount of \$528,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 27th day of March, 2012.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

561890.00006

5890031

TOWN OF MASONTOWN

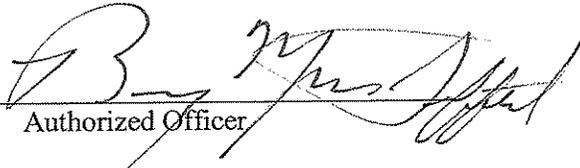
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Masontown (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewerage System Revenue Bond, Series 2012 A (West Virginia Water Development Authority), of the Issuer, dated March 27, 2012, in the principal amount of \$528,000, numbered AR-1, was registered as to principal and interest 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 27th day of March, 2012.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

561890.00006

5890028

TOWN OF MASONTOWN

Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 27th day of March, 2012, 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 \$528,000 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated March 27, 2012, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted February 8, 2012, and a Supplemental Resolution of the Issuer duly adopted March 14, 2012 (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 attached invoice.

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 25326  
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.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF MASONTOWN

By: *Sydia Mann*  
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: *[Signature]*  
Its: Authorized Officer

561890.00006

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)



STATEMENT OF REGISTRAR'S FEES  
Invoice Date March 27, 2012

**Town of Masontown**  
**Account Number 6089001809**

Town of Masontown  
Sewerage System Design Revenue Bonds, Series 2012 A  
c/o John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

\*\*\*\*\*  
FEE CALCULATION FOR March, 2012  
\*\*\*\*\*

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 INSR	SUBR 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 (Ea 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"/> PROJECT	<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							\$
	DED <input checked="" type="checkbox"/>	RETENTION \$	0					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATUTORY LIMITS	OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory In NH)	<input type="checkbox"/>	N/A				E.L. EACH ACCIDENT	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$
A	Property Section			791-000-459	10/01/11	10/01/12	Building Contents	53,045 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****CANCELLATION**

WVDCHA  WV Water Development Authority 180 Association Drive Charleston, WV 25311	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 
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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

## MEMORANDUM

**To:** Financing Team

**From:** John C. Stump, Esquire

**Date:** March 27, 2012

**Re:** Town of Masontown  
#1 Midway Avenue, Masontown, WV 26542  
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

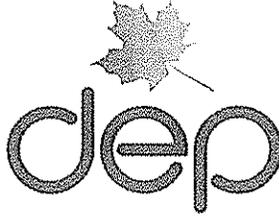
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**1. DISBURSEMENTS TO TOWN:**

Payor: West Virginia Water Development Authority  
Amount: \$102,500  
Form: Wire Transfer  
Bank: WesBanco Bank, Inc. WV-7 & Maple Street, Masontown, WV 26542  
ABA No.: 043400036  
Acct. No.: 812003533  
Contact: Sandy Murray, 304.864.6300  
Account: Series 2012 A Bonds Project Trust Fund

561890.00006

5890063



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west virginia department of environmental protection

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Division of Water and Waste Management  
601 57<sup>th</sup> Street S.E.  
Charleston, WV 25304  
Phone: (304) 926-0495  
Fax: (304) 926-0496

Earl Ray Tomblin, Governor  
Randy C. Huffman, Cabinet Secretary  
[dep.wv.gov](http://dep.wv.gov)

MEMORANDUM

To: Sheila Miller, CFO  
Water Development Authority

From: Rosalie Brodersen, Program Manager *RMB*

Date: March 19, 2012

Re: Payment approval for Town of Masontown

---

Project Name: Town of Masontown WWTP Upgrade  
Project IJDC #: 2011S-1287

We have reviewed the 1<sup>st</sup> payment reimbursement request dated March 14, 2012 for the Town of Masontown in the amount of \$102,500. The payment reimbursement request is justified and reasonable.

Project/Contact Person

Mayor Lydia Main  
Town of Masontown  
#1 Midway Avenue  
Masontown, WV 26542

Wiring Instructions

Bank: WesBanco Bank, Inc.  
ABA/Routing #: 043400036  
Account #: 812003533  
Acct Name: Series 2012 A Bonds Project Trust Fund

RB/eg

cc: Mayor Lydia Main, Town of Masontown  
Ms. Robbie Baylor, Preston Co EDA

DEP PAYMENT REQUISITION FORM

RECEIVED  
MAR 16 2012  
SRF PROGRAM

Rev 04/07/09

1 LOAN RECIPIENT/VENDOR:

NAME: Town of Masontown

ADDRESS: #1 Midway Avenue

Masontown, WV 26542

FEIN: 52-0008711

DUNS: 037240231

2. IJDC# 2011S-1287

3. INVOICE NUMBER: 1

4. PERIOD COVERED BY THIS REQUEST (MO/DAY/YR)

FROM: (MO/DAY/YR)

TO: (MO/DAY/YR)

01/01/12

3/14/12

5. % PHYSICAL CONSTRUCTION COMPLETION

0%

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED	C) THIS REQUEST	D) TOTAL COLUMNS B&C	E) AGENCY USE ONLY
					SRF
1) CONSTRUCTION	\$ -				
2) EQUIPMENT	\$ -				
3) ENGINEERING					
a. Preliminary Design	\$ 50,000		\$ 50,000	\$ 50,000	50,000
b. Design	\$ 430,000		\$ 37,000	\$ 37,000	37,000
c. Const Basic	\$ -				
d. Spec Services	\$ 10,000		\$ 10,000	\$ 10,000	10,000
e. Inspection	\$ -				
4) LEGAL	\$ 10,000				
5) ACCOUNTING	\$ 2,500				
6) ADMINISTRATIVE	\$ 20,000				
7) CONTINGENCY	\$ -				
8) LOAN REPAYMENT	\$ -				
9) RESERVE FUND	\$ -				
10) CLOSING COSTS	\$ 5,500		\$ 5,500	\$ 5,500	5,500
11) SUBTOTAL	\$ 528,000	\$ -	\$ 102,500	\$ 102,500	102,500
12) LESS PREVIOUSLY PAID				\$ -	- 00
13) INVOICE AMOUNT				\$ 102,500	102,500

14) Lydia Main 3-14-2012  
 AUTHORIZED SIGNATURE DATE  
Lydia Main  
 TYPED OR PRINTED NAME AND TITLE

15) Kathy Malloy 3-14-2012  
 PERSON PREPARING FORM SIGNATURE DATE  
Kathy Malloy  
 TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY:

THIS REQUEST APPROVED BY: Andrew 3/19/12  
 PROJECT REVIEWER DATE  
 WV DEPARTMENT OF ENVIRONMENTAL PROTECTION  
JP Brodeur 3/19/12  
 AUTHORIZED OFFICER DATE

## **SWEEP RESOLUTION**

### **Town of Masontown**

**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 or will make monthly debt service payments on and transfers reserve funds for 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 finds 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 funds transfer with the State Treasurer sweeping the Issuer's account.

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

1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an 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.

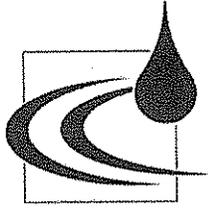
2) The Mayor and Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 14th day of March, 2012.

\_\_\_\_\_  
Mayor

*Lydia Mair*



**WEST VIRGINIA**

**Water Development Authority**

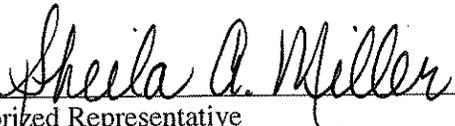
*Celebrating 36 Years of Service 1974 - 2012*

March 27, 2012

Town of Masontown  
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Roth & White, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development 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 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), in the original aggregate principal amount of \$528,000 (the "Series 2012 A Bonds") by the Town of Masontown (the "Issuer"), under the terms of the bond ordinance authorizing the Series 2012 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's 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 (the "Prior Bonds").

  
\_\_\_\_\_  
Authorized Representative

561890.00006

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

March 27, 2012

Town of Masontown  
Sewerage System Design Revenue Bonds, Series 2012 A  
(West Virginia Water Development Authority)

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 consents to the issuance of the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), in the original aggregate principal amount of \$528,000 (the "Series 2012 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) 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 (the "Series 2001 A Bonds"); and (ii) 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 (the "Series 2007 A Bonds"), (collectively, the "Prior Bonds").

WITNESSETH my signature on this 27th day of March, 2012.



State Director

**TOWN OF MASONTOWN**

**Sewer Revenue Bonds, Series 2007 A**  
**(United States Department of Agriculture)**

**BOND ORDINANCE**

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TOWN OF MASONTOWN

ORDINANCE AUTHORIZING THE COMPLETION OF THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES 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 \$261,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

BE IT ENACTED AND ORDAINED 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 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The Town of Masontown (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in Preston County of said State.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public sewerage system and desires to complete the acquisition, construction and operation of certain additional public sewerage facilities consisting of additions, betterments and improvements to such existing sewerage facilities, with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

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, the completion of certain additions, betterments and improvements to the existing sewerage system of the Issuer, consisting of improvements to its wastewater collection system and construction of a wastewater treatment plant, together with all

appurtenant facilities (collectively, "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Town Recorder of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, betterments and improvements, are herein called the "System". 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. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The Project was originally expected to cost \$6,226,000 of which \$850,000 was obtained proceeds from the Issuer's Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture); \$1,500,000 was obtained from the proceeds of the Issuer's Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund); \$1,746,000 was received from a grant from the Purchaser; \$1,250,000 was received from Small Cities Block Grant; \$500,000 was committed from a grant from the West Virginia Infrastructure and Jobs Development Council (the "Council") and \$380,000 from a fee charged as a Reedsville Connection Fee.

E. The total cost of the Project is revised to be \$6,487,500 of which \$850,000 has been obtained from the proceeds of the Issuer's Sewer Revenue Bonds, Series 2001 A, \$1,500,000 has been obtained from the Issuer's Sewer Revenue Bonds, Series 2001 B, \$1,250,000 in grant proceeds has been obtained from a Small Cities Block Grant, \$500,000 in grant proceeds has been obtained from the West Virginia Infrastructure and Jobs Development Council (the "Council"), \$380,000 has been obtained from the Town of Reedsville as a connection fee and an additional \$261,000 will be obtained from the proceeds of the Series 2007 A Bonds. The majority of the Project has been completed as contemplated in the Bond Ordinance of the Issuer dated July 30, 2001 authorizing the Series 2001 A Bonds and the Series 2001 B Bonds.

F. The cost of the completion of the acquisition and construction of the Project is \$262,600, of which \$261,500 will be obtained from the proceeds of sale of the Series 2007 A Bonds and \$1,076 from unexpended funds from the Council grant and \$24 from the Issuer.

G. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2007 A (United States Department of Agriculture) (the "Series 2007 A Bonds"), in the aggregate principal amount of \$261,500 (the "Series 2007 A Bonds"), to finance a portion of the completion costs of acquisition and construction of the Project. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2007 A Bonds prior to, during and for 6 months after estimated completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents 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 Project, administrative expense, and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2007 A Bonds or the repayment of indebtedness incurred for costs of the Project by the Issuer for such purposes shall be deemed Costs of the Project.

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

I. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment, being the (i) 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 (the "Series 2001 A Bonds"); and (ii) 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 (the "Series 2001 B Bonds"). The Series 2001 A Bonds and the Series 2001 B Bonds are hereinafter referred to as the "Prior Bonds". Prior to the issuance of the Series 2007 A Bonds, the Issuer will obtain a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and, if required, the written consent of the Holders of the Prior Bonds to the issuance of the Series 2007 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 rank prior to or on a parity with the Series 2007 A Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, the ordinances and resolutions authorizing the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

J. It is in the best interest of the Issuer that the Series 2007 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions dated June 21, 2006, and all amendments thereto (collectively, the "Letter of Conditions").

K. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2007 A Bonds, or will have so complied prior to issuance of the Series 2007 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the Project from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

L. The Sanitary Board of the Issuer has presented a petition to the Issuer for enactment of this Bond Legislation.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds by those who shall be the Registered Owner of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2007 A Bonds.

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

"Act" means Chapter 16, Article 13 of the West Virginia Code of 1931; as amended.

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

"Bond Registrar" or "Registrar" means the Issuer, which shall usually so act by its Recorder.

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

"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 Engineer" means Cerrone & Associates, 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.

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

"Depository Bank" means WesBanco, Inc., Masontown, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Depreciation Account" means the Depreciation Account established by Prior Ordinance.

"Facilities" or "sewerage 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.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" or "Council" means the Town Council of the Issuer.

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

"Herein" or "herein" shall refer to this entire Bond Legislation.

"Issuer" or "Borrower" means the Town of Masontown, a municipal corporation and political subdivision of the State of West Virginia, in Preston County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated December 11, 1997 amended June 24, 1999 ("Amendment 1"); amended February 14, 2000 ("Amendment 2"); amended July 27, 2001 ("Amendment 3") and amended June 21, 2006 ("Amendment 4"), and all amendments thereto, if any.

"Minimum Reserve" 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.

"Mayor" means the Mayor of the Issuer.

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

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

"Ordinances" means, collectively, the Prior Ordinances and the Bond Legislation.

"Prior Bonds" means the Sewer Revenue Bond, Series 2001 A (United States Department of Agriculture), and Sewer Revenue Bond, Series 2001 A (West Virginia Infrastructure Fund) of the Issuer described in Section 1.02(H) hereof and defined in this section.

"Prior Ordinances" means the ordinances of the Issuer, enacted July 30, 2001, authorizing the issuance of the Prior Bonds, as supplemented.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(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, 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

"Recorder" means the Recorder of the Issuer.

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Reserve Funds" means, collectively, the respective reserve funds for the Bonds and the Prior Bonds.

"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.

"Series 2001 A Bond" means the Issuer's Sewer Revenue Bond, Series 2001 A (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of \$850,000.

"Series 2001 B Bond" means the Sewer Revenue Bond, Series 2001 B (West Virginia Infrastructure Fund), dated August 22, 2001, issued in the original aggregate principal amount of \$1,500,000.

"Series 2007 A Bonds" means the Sewer Revenue Bonds, Series 2007 A (United States Department of Agriculture) authorized hereby to be issued pursuant to this Bond Legislation.

"State" means the State of West Virginia.

"System" means the complete public sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system, including the Project, and any and all additions, betterments, improvements, properties or other facilities at any time acquired or constructed for the sewerage system from any source whatsoever.

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

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; and any requirement for execution or attestation of the Series 2007 A Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Series 2007 A Bonds, certificate or other documents may be executed or attested by an Acting Mayor or Acting Recorder.

## ARTICLE II

### AUTHORIZATION OF COMPLETION OF THE ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. - Authorization of Completion of the Acquisition and Construction of the Project. There is hereby authorized and ordered the completion of the acquisition and construction of the Project, at an estimated cost of \$262,600, 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 hereby authorized shall be applied as provided in Article IV hereof.

The cost of the completion of the acquisition and construction of the Project is \$262,600, of which \$261,500 will be obtained from the proceeds of sale of the Series 2007 A Bonds and \$1,076 from unexpended funds from the Council grant and \$24 from the Issuer.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of this Bond Legislation, the Series 2007 A Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2007 A (United States Department of Agriculture), are hereby authorized to be issued in the maximum principal amount of \$261,500 for the purposes of permanently financing a portion of the cost of the completion of the acquisition and construction of the Project and paying cost of issuance thereof.

Section 3.02. Description of Bonds. The Series 2007 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Series 2007 A Bonds shall bear interest from date of delivery, payable monthly at a rate not to exceed 4.375% per annum, and shall be sold for the par value thereof.

The Series 2007 A Bonds 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 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2007 A Bonds 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 Series 2007 A Bonds, and the right to the principal of and stated interest on the Series 2007 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2007 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2007 A Bonds 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 Bond 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 Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2007 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2007 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar, and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2007 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the

Series 2007 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2007 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2007 A Bonds for registration of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2007 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2007 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2007 A Bonds shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto 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 shall cease to be such officer of the Issuer before the Series 2007 A Bonds so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2007 A Bonds had not ceased to hold such office. The Series 2007 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 Series 2007 A Bonds shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2007 A Bonds 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 Series 2007 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2007 A Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2007 A Bond the Issuer may pay the same, and, if such Series 2007 A Bonds be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2007 A Bonds shall be secured forthwith by a lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 2007 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided,

are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2007 A Bonds and Prior Bonds as the same becomes due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2007 A Bonds 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 by any ordinance enacted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
SEWER REVENUE BONDS, SERIES 2007 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$261,500

No. AR-1

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

FOR VALUE RECEIVED, on this the \_\_\_\_ day of \_\_\_\_\_, 2007, the TOWN OF MASONTOWN (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO HUNDRED SIXTY-ONE THOUSAND FIVE HUNDRED DOLLARS (\$261,500), 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 herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the sewerage system (the "System") of Borrower, is payable solely from and secured by 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.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on \_\_\_\_\_, authorizing issuance of this Bond (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 Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:

(i) 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; AND

(ii) 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.

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

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

TOWN OF MASONTOWN

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Mayor  
\_\_\_\_\_  
(Title of Executive Official)

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

Masontown, West Virginia  
\_\_\_\_\_  
(Town, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Recorder  
\_\_\_\_\_  
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

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

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

(Form of Assignment)

ASSIGNMENT

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

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

\_\_\_\_\_

In presence of:

\_\_\_\_\_

## ARTICLE IV

### SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created and established with (or continued if previously established by the Prior Ordinances), and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the Prior Ordinance and continued hereby);
- (2) Depreciation Account (established by the Prior Ordinance and continued hereby);
- (3) Renewal and Replacement Fund (established by Prior Ordinance and continued hereby); and
- (4) Series 2007 A Project Construction Account.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2001 A Bonds Reserve Account (established by the Prior Ordinance and continued hereby);
- (2) Series 2001 B Bonds Sinking Fund (established by the Prior Ordinance and continued hereby);
- (3) Series 2001 B Bonds Reserve Account (established by the Prior Ordinance and continued hereby);
- (4) Series 2007 A Bonds Reserve Account

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of sale of the Series 2007 A Bonds shall be deposited upon receipt by the Issuer in the Series 2007 A Project Construction Account. The moneys in the Series 2007 A Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository 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 Series 2007 A Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Series 2007 A Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2007 A 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 Series 2007 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, money and funds in the Series 2007 A Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2007 A Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.04. Covenants of the Issuer as to System Revenues and Flow of Funds. So long as the Series 2007 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2007 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2007 A Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the Holder of the Series 2007 A 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 the Revenue Fund. 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 the Depository Bank and used only for the purposes and in the manner provided in the Ordinances.

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, subject to the provisions of the Prior Ordinances not otherwise modified herein:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required to pay interest on the Series 2001 A Bonds, (ii) remit to the Commission, for deposit in the Series 2001 B Bonds Sinking Fund, the amounts required by the Prior Ordinances to pay the interest (if any) on the Series 2001 B Bonds; and (iii) beginning 30 days following the Closing Date, remit to the National Finance Office, the amounts required to pay the interest on the Series

2007 A Bonds. All payments with respect to principal of and interest on the Prior Bonds and the Series 2007 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(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 to pay principal on the Series 2001 A Bonds, (ii) remit to the Commission, for deposit in the Series 2001 B Sinking Fund, the amounts required by the Prior Ordinance to pay the principal on the Series 2001 B; and (iii) beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amounts required to amortize the principal of the Series 2007 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2007 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, (i) the amounts required by the Prior Ordinance to be deposited in the respective Prior Bonds Reserve Accounts; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter for deposit into the Series 2007 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount until the amount in the Series 2007 A Bonds Reserve Account equals 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; Monies in the Series 2007 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2007 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2007 A Bonds, or for mandatory prepayment of the Series 2007 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2007 A Bonds Reserve Account, so long as the Series 2007 A Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(5) The Issuer shall next, (i) on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Account, an amount equal to 0.8334% of the Series 2001 A Bonds Reserve Requirement, so long as the Series 2001 A Bonds are outstanding; provided, however, that in the event the revenues are insufficient to maintain the Series 2001 A Bonds Reserve Requirement in the Series 2001 A Bonds Reserve Account in accordance with Section above, or a withdrawal of funds from the Series 2001 A

Bonds Reserve Account is made, payment of revenues into the Depreciation Account as provided in this Section shall not be made, but instead such payments shall be made to the Series 2001 A Bonds Reserve Account until the Series 2001 A Reserve Requirement is accumulated therein, at which time payments to the Depreciation Account as provided in this section shall resume. (ii) remit to the Depository Bank for deposit in the Depreciation Account, an amount equal to 0.4167% of the Series 2007 A Bonds Reserve Requirement until the amount in the Series 2007 A Bonds Reserve Account equals the Series 2007 A Bonds Reserve Requirement and thereafter, an amount equal to 0.8334% of the Series 2007 A Bonds Reserve Requirement, so long as the Series 2007 A Bonds are outstanding; provided, however, that in the event the revenues are insufficient to maintain the Series 2007 A Bonds Reserve Requirement in the Series 2007 A Bonds Reserve Account in accordance with Section above, or a withdrawal of funds from the Series 2007 A Bonds Reserve Account is made, payment of revenues into the Depreciation Account as provided in this Section shall not be made, but instead such payments shall be made to the Series 2007 A Bonds Reserve Account until the Series 2007 A Reserve Requirement is accumulated therein, at which time payments to the Depreciation Account as provided in this section shall resume. All funds in the Depreciation Account shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested in accordance with the Prior Ordinance. Withdrawals and disbursements may be made from the Depreciation Account for replacements, repairs, improvements or extensions to the System; provided, that any deficiency in the Series 2001 A Bonds Reserve Account or the Series 2007 A Bonds Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Account, and (iii) remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½ % of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System, provided that, any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(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 Bonds, pro rata, or for any lawful purpose.

Whenever the moneys in the Series 2007 A Bonds Reserve Account shall be sufficient to prepay the Series 2007 A Bonds in full, it shall be the mandatory duty of the Issuer,

anything to the contrary herein notwithstanding, to prepay the Series 2007 A Bonds, at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Depreciation Account and the Renewal and Replacement Fund as herein provided, and all amounts required for the Depreciation Account and Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2007 A Bonds Reserve Account as herein provided, and all amounts required for the Series 2007 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Revenue Fund shall constitute a Trust Fund 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 Series 2007 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2007 A Bonds Reserve Account shall constitute a trust fund 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 Series 2007 A Bonds and the interest thereon.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day if each month), deposit with the Commission the required reserve account payments with respect to the Series 2007 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.

All funds provided for in this Article (excluding the Series 2007 A Project Construction Account) 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.

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.

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

Subject to the Prior Ordinances, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Series 2007 A Bonds Reserve Account, the Depreciation Account and the Renewal and Replacement Fund invested and reinvested to the fullest extent possible, in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or in the Prior Ordinances, or unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. 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 or account. Earnings on moneys in the Series 2007 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer to be deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bonds, provide evidence that there will be at least 546 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission or the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or 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 of West Virginia.

G. REMITTANCES. All remittances made by the Issuer to the Commission or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

Section 4.05. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of advances of principal of the Series 2007 A Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$261,500 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial

bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2007 A Bonds. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

## ARTICLE V

### GENERAL COVENANTS

Section 5.01.      General Statement. So long as the Series 2007 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2007 A Bonds Reserve Account a sums sufficient to prepay the entire principal of the Series 2007 A Bonds 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 Holder of the Series 2007 A Bonds.

Section 5.02.      Rates. Prior to the issuance of the Series 2007 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 Bonds and the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 Bonds and the Prior Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2007 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 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 Bonds.

Section 5.03.      Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Ordinances. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2007 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04.      Issuance of Additional Parity Bonds or Obligations. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds or obligations payable out of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

So long as the Series 2001 A Bonds and the Series 2007 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2007 A Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2001 A Bonds and the Series 2007 A Bonds are no longer outstanding, the following parity requirement shall be met:

So long as Series 2001 B Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer,

the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinances with respect to the Series 2007 A Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances.

Section 5.05. 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 Series 2007 A Bonds remain 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 and mechanical and electrical equipment in place or stored on the site 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 Series 2007 A Bonds.

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 ISSUER 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. FLOOD INSURANCE to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the Issuer is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

F. FIDELITY BONDS will be provided as to every member of the Governing Body and as to every officer and employee of the Issuer having custody of the Revenue Fund or of any Revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

G. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2007 A Bonds are 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 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2007 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2007 A Bonds.

Section 5.07. 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 upon the Series 2007 A Bonds at the date specified for payment thereof;

B. Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2007 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

C. If a default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 5.08. 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, 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; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2007 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2007 A Bonds are 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 next preceding year by more than 10%; 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 5.10.      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 5.11.      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. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.12.      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 Series 2007 A Bonds are outstanding.

Section 5.13.      No Competition. To the extent legally allowable, 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.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the rate ordinance of the Issuer enacted on June 14, 2007, which rate ordinance is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be a lien on the premises served of equal degree, rank and priority with the lien on such premise of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges, including, without limitation, any right and power of foreclosure under the Act and/or such other applicable provisions of law.

D. 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.

E. 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.

F. 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.

G. 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 revenues to meet its payments and obligations provided hereunder and under the Prior Ordinances.

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Payment of Bonds; Bonds Not Subject to Defeasance. If the Issuer shall pay or there shall otherwise be paid to the Holder of the Series 2007 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 with respect to the Series 2007 A Bonds, the pledge of Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2007 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment to the Holder of the Series 2007 A Bonds of the outstanding principal of and accrued interest on the Bonds, the Issuer may not defease the Series 2007 A Bonds or otherwise provide for the payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. Prior to issuance of the Series 2007 A Bonds, this Ordinance may be amended or supplemented in any way by ordinance or resolution. Following issuance of the Series 2007 A Bonds, no modification or amendment of this Ordinance, or any ordinance or resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Mayor is hereby authorized and directed to cause the Bond, 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 7.04. 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 7.05. Prior Ordinances; Conflicting Provisions Repealed. The Prior Ordinances and all parts thereof not hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Ordinances.

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) and the Prior Ordinances.

Section 7.06.      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 7.07.      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 and enactment 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, 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 7.08.      Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 7.09.      Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, determined by the Council 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*, being qualified newspaper of general circulation in the Town of Masontown, together with a notice stating that this Ordinance has been adopted, that the Issuer contemplates the issuance of the Bond, that any person interested may appear before the Council 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 Ordinance is on file with the Council for review by interested persons during the office hours of the Council. At such hearing, all protests and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading:      December 13, 2006

Passed on Second Reading:      January 10, 2007

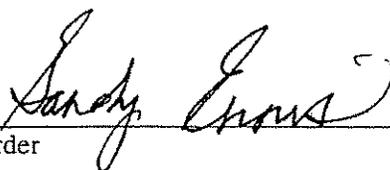
Passed on Final Reading  
Following Public Hearing:      January 24, 2007

  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the Town of Masontown on the 24th day of January, 2007, which Ordinance has not been repealed, rescinded, modified, amended or revoked as witness my hand and the seal of the Town of Masontown on this 20th day of April, 2007.

[SEAL]

  
Recorder

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MASONTOWN  
SEWER REVENUE BONDS, SERIES 2007 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

SPECIMEN

\$261,500

No. AR-1

Date: April 20, 2007

FOR VALUE RECEIVED, on this the 20th day of April, 2007, the TOWN OF MASONTOWN (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO HUNDRED SIXTY-ONE THOUSAND FIVE HUNDRED DOLLARS (\$261,500), plus interest on the unpaid principal balance at the rate of 4.125 % 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 \$1,138.00, 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 herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the sewerage system (the "System") of Borrower, is payable solely from and secured by 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.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of

the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on January 24, 2007, authorizing issuance of this Bond (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 Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:

(i) 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; AND

(ii) 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.

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

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

TOWN OF MASONTOWN

*Lupia Mann*  
(Signature of Executive Official)

Mayor  
(Title of Executive Official)

P.O. Box 340  
(P.O. Box No. or Street Address)

Masontown, West Virginia 26542  
(Town, State and Zip Code)

ATTEST:

*Sandy James*  
(Signature of Attesting Official)

Recorder *Sandy James*  
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$219,500	April 20, 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 \$ \_\_\_\_\_

(Form of Assignment)

ASSIGNMENT

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

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

\_\_\_\_\_

In presence of:

\_\_\_\_\_

TOWN OF MASONTOWN

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

BOND ORDINANCE

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TOWN OF MASONTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW SEWERAGE SYSTEM OF THE TOWN OF MASONTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01.        Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

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

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

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

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

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

interest upon the Series 2001 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter defined); amounts necessary to pay the Issuer's portion of the outstanding principal of and administrative fees for the STEP I Loan and the STEP II Loan; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

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

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

I. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges, repayment of the Issuer's portion of the STEP I Loan and the STEP II Loan, and the issuance of the Series 2001 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of

which will either have expired prior to the issuance of the Series 2001 Bonds or such final order will not be subject to appeal.

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

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2001 Bonds for the purposes set forth herein.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Governing Body" means the council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the council as presently constituted.

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

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

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

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

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

"Investment Property" means

- (A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),
- (B) any obligation,
- (C) any annuity contract,
- (D) any investment-type property, or

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

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

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

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

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

"Mayor" means the Mayor of the Issuer.

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

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality

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

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2001 B Bonds by the Issuer in the Supplemental Resolution.

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

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

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

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

- (a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so

that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2001 Bonds.

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

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

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

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

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

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

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

"Series 2001 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 A Bonds in the then current or any succeeding year.

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

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

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

"Series 2001 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 B Bonds in the then current or any succeeding year.

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

"State" means the State of West Virginia.

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

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

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

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

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

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

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$6,876,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the Council.

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

### ARTICLE III

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

Section 3.01.      Authorization of Bonds. For the purposes of capitalizing interest on the Series 2001 Bonds, funding reserve accounts for the Series 2001 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2001 A Bonds and the Series 2001 B Bonds of the Issuer. The Series 2001 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2001 A (United States Department of Agriculture)", in the principal amount of not more than \$1,000,000; and the Series 2001 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2001 B (West Virginia Infrastructure Fund)", in the principal amount of not more than \$2,000,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2001 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

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

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

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

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

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

Section 3.03. Execution of Bonds. The Series 2001 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2001 Bonds shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

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

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

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

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

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2001 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 Bonds remain outstanding, the Bond Registrar for the Series 2001 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

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

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

Section 3.06.      Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07.      Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 3.08.      Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 2001 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2001 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09.      Delivery of Bonds. A. With respect to the Series 2001 A Bonds, the Mayor is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery of the Series 2001 B Bonds.

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

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

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

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

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

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

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

(FORM OF SERIES 2001 A BOND)

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

No. AR-1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TOWN OF MASONTOWN  
(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Mayor  
(Title of Executive Official)

Post Office Box 340  
(P.O. Box No. or Street Address)

Masontown, West Virginia 26542  
(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Recorder  
(Title of Attesting Official)

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                    \$ \_\_\_\_\_

(Form of Assignment)

ASSIGNMENT

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

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

In presence of:

\_\_\_\_\_

(FORM OF SERIES 2001 B BOND)

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

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

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

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

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 20\_\_\_\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public sewerage system of the Issuer (the "Project"); (ii) to pay the Issuer's portion of the STEP I Loan and STEP II Loan of Valley Sanitary District; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project and any further additions, betterments or improvements thereto are herein called the

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 20\_\_\_\_, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 20\_\_\_\_ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED \_\_\_\_\_, 20\_\_\_\_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 2001 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2001 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2001 A Bonds; provided however, that so long as there exists in the Series 2001 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2001 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF MASONTOWN has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 20\_\_\_\_.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 20 \_\_\_\_.

BRANCH BANKING AND TRUST COMPANY,  
as Registrar

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

EXHIBIT 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: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

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

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

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

ARTICLE IV

[RESERVED]

## ARTICLE V

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

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

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

- (1) Revenue Fund;
- (2) Depreciation Account;
- (3) Renewal and Replacement Fund;
- (4) Series 2001 A Bonds Construction Trust Fund; and
- (5) Series 2001 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

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

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

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office the amount required to pay interest on the Series 2001 A Bonds.

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

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

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

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

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

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

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

Any withdrawals from the Series 2001 A Bonds Reserve Account or the Series 2001 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2001 A Bonds Reserve Requirement or the Series 2001 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2001 A Bonds Reserve Account or the Series 2001 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2001 A Bonds and the Series 2001 B Bonds in accordance with the respective principal amounts then Outstanding.

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

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

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

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

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

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

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

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

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

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

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

H. All remittances made by the Issuer to the Commission or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

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

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2001 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

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

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

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

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

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

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

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2001 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2001 B Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

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

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

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

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

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

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

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

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

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

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2001 B Bonds shall be used as directed in writing by the Council and the Authority.

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

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

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01.      General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2001 Bonds or the interest, if any, thereon is Outstanding and unpaid.

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

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

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

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

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

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

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

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

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

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

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2001 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 1.15% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2001 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04 hereof.

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

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

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

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

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

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

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

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

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

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

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

Section 7.15.      Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 Bonds during the term thereof is, under the terms of the Series 2001 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for

a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 Bonds during the term thereof is, under the terms of the Series 2001 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2001 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

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

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

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

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

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

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

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

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

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

## ARTICLE VIII

### INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

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

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

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

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

## ARTICLE IX

### DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the

System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2001 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2001 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2001 Bonds from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2001 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2001 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2001 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2001 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2001 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47).

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

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Preston County Journal, a newspaper of general circulation in the Town of Masontown, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - June 28, 2001

Passed on Second Reading: - July 11, 2001

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

  
\_\_\_\_\_  
Mayor

CERTIFICATION

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

Dated: August 22, 2001.

[SEAL]

  
\_\_\_\_\_  
Recorder

07/30/01  
561890/98001

TOWN OF MASONTOWN

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

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF MASONTOWN; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2001 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2001 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2001 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town Council (the "Governing Body") of the Town of Masontown (the "Issuer") has duly and officially adopted a bond resolution, effective July 30, 2001 (the "Bond Ordinance" or the "Ordinance"), entitled:

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

MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture) and Series 2001 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2001 A Bonds" and the "Series 2001 B Bonds"), in the respective aggregate principal amounts not to exceed \$1,000,000 and \$2,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2001 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

Series 2001 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

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

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

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

B. Sewer Revenue Bonds, Series 2001 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,500,000. The Series 2001 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2041, and shall bear no interest. The principal of the Series 2001 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, and maturing June 1, 2041, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2001 B Bonds. The Series 2001 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan

Agreement, so long as the Authority shall be the registered owner of the Series 2001 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2001 A Bonds and the Series 2001 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2001 B Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2001 B Bonds under the Bond Ordinance.

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

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

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

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

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

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

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

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

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

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

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

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

Adopted this 30th day of July, 2001.

TOWN OF MASONTOWN

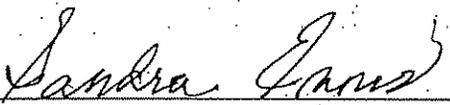
  
\_\_\_\_\_  
Mayor

CERTIFICATION

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

Dated: August 22, 2001.

[SEAL]

  
\_\_\_\_\_  
Recorder

08/06/01  
561890/98001

# SPECIMEN

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

\$850,000

No. AR-1

Date: August 22, 2001

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TOWN OF MASONTOWN

[CORPORATE SEAL]

*Lydian Hain*

Mayor  
Post Office Box 340  
Masontown, West Virginia 26542

ATTEST:

*Sandra Davis*

Recorder

RECORD OF ADVANCES

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

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

(Form of Assignment)

ASSIGNMENT

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

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

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

08/06/01  
561870.98001

# SPECIMEN

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

No. BR-1

\$1,500,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MASONTOWN, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated August 22, 2001.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public sewerage system of the Issuer (the "Project"); (ii) to pay the Issuer's portion of the STEP I Loan and STEP II Loan of Valley Sanitary District; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on July 30, 2001, and

a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 22, 2001, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$850,000 (THE "SERIES 2001 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2001 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2001 A Bonds; provided however, that so long as there exists in the Series 2001 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2001 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF MASONTOWN has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated August 22, 2001.

[SEAL]

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001, B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 22, 2001.

BRANCH BANKING AND TRUST COMPANY,  
as Registrar

  
Authorized Officer

**SPECIMEN**

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

**Town of Masontown (West Virginia)**

*Loan of \$1,500,000*

*40 Years, 0% Interest Rate*

*Closing Date: August 22, 2001*

**DEBT SERVICE SCHEDULE**

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

**Town of Masontown (West Virginia)**

*Loan of \$1,500,000*

*40 Years, 0% Interest Rate*

*Closing Date: August 22, 2001*

**DEBT SERVICE SCHEDULE**

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

**Town of Masontown (West Virginia)**

*Loan of \$1,500,000*

*40 Years, 0% Interest Rate*

*Closing Date: August 22, 2001*

**DEBT SERVICE SCHEDULE**

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

**Town of Masontown (West Virginia)**

*Loan of \$1,500,000*

*40 Years, 0% Interest Rate*

*Closing Date: August 22, 2001*

**DEBT SERVICE SCHEDULE**

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

**YIELD STATISTICS**

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

**IRS FORM 8038**

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

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_