

THE TOWN OF NEWBURG

**WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

DATE OF CLOSING: AUGUST 5, 2008

BONDS TRANSCRIPT

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THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

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THE TOWN OF NEWBURG

**WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND ORDINANCE

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THE TOWN OF NEWBURG

BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATER SYSTEM OF THE TOWN OF NEWBURG AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$800,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The Town of Newburg (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 water system (the "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 System of the Issuer, consisting of a connection to the Taylor County Public Service District water system, to construct waterlines and pumping stations and to make improvements to the water tanks, together with all appurtenant facilities (collectively, the "Project"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council"), a grant from the USDA Rural Development Program ("RUS Grant") and a grant from the Council.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than \$522,000 (the "Series 2008 A Bonds"), to be initially represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2008 A 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 the Series 2008 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2008 A Bonds be sold to the Authority 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 Council, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. On the closing date, there will be no outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge, source of and security for payment or 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 or and interest, if any, on the Series 2008 A Bonds and to make payments into all funds and account and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council pursuant to 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 2008 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 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 19 and Chapter 31, Article 15A 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 2008 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 2008 A 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 2008 A Bonds for all or a portion of the proceeds of the Series 2008 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 Vaughn Coast & Vaughn, Inc., St. Clairsville, Ohio, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

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

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

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

"Grant" means any grants committed 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 Revenue" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualifies 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 Newburg, a municipal corporation and political subdivision of the State of West Virginia, in Preston County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the loan agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2008 A Bonds, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2008 A Bonds Reserve Account.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction only 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 the pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principals; provided, that "Operating Expenses" does not include payments on account of principal of or redemption, 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 the 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 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 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 Bond 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 2008 A Bonds by the Issuer in the Supplemental Resolution with the written consent of the Authority and the Council.

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

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

(a) Government
Obligations;

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

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

(d) Any bond, debenture,
note, participation certificate or other

similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

(g) Repurchase agreements, or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above, or fully insured by FDIC with member banks of the Federal Reserve System or 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 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, the Reserve Account established for the Series 2008 A Bonds.

"Reserve Requirement" means, the amount required to be on deposit in the Reserve Account.

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

"Series 2008 A Bonds" means the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 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 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A 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 2008 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2008 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 Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, and the Renewal and Replacement Fund.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not to exceed \$1,180,000 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 Series 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project in an amount compatible with the financing plan submitted to the Council and the Authority.

The cost of the Project is estimated not to exceed \$1,180,000 of which not more than \$522,000 will be obtained from the proceeds of the Series 2008 A Bonds; \$511,000 will be obtained as a United States Department of Agriculture Grant and approximately \$147,000 will be obtained from a grant from the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of 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 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 2008 A (West Virginia Infrastructure Fund)", in the principal amount of not more than \$500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Series 2008 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2008 A Bonds, if any, shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2008 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 2008 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 2008 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 2008 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2008 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 have such terms as specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2008 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 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2008 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 2008 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 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 2008 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 2008 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 2008 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 Series 2008 A Bonds or transferring the registered Series 2008 A Bonds are exercised, all Series 2008 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008 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 2008 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 Series 2008 A Bonds during the period commencing on the

15th day of the month next preceding an interest payment date on the Series 2008 A Bonds or, in the case of any proposed redemption of Series 2008 A 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 2008 A 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 2008 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 Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all Series 2008 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 A 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 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 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 2008 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 2008 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 2008 A Bonds.

Section 3.10. Form of Series 2008 A Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF NEWBURG
WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 2008, THE TOWN OF NEWBURG, 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, 200____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

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 _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (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.

THE ISSUER HAS NO BONDS OR OBLIGATIONS OTHER THAN THIS BOND WHICH IS SECURED BY GROSS REVENUES OF THE SYSTEM.

This Bond is payable only from and secured by a pledge of the Gross 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 2008 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay 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 Gross Revenues, the monies in the Series 2008 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 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, and; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the registrar (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 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 have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, THE TOWN OF NEWBURG has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

(form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

(form of)

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 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 the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement and all schedules and exhibits attached thereto are hereby approved and ratified and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule for the Series 2008 A Bonds, the form of which will be provided by the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

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

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with 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) Renewal and Replacement Fund;
and
- (3) Series 2008 A Bonds Construction Trust Fund.

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

- (1) Series 2008 A Bonds Sinking Fund; and
- (2) Series 2008 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 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 on the first day of each month, transfer from the Revenue Fund remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 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 2008 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.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 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 2008 A Bonds Reserve Requirement.

(3) The Issuer shall next, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(4) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, 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 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall become due. Monies in the Series 2008 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall come due, when other monies in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2008 A Bonds Construction Trust Fund, and

following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2008 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance of the Series 2008 A Bonds Reserve Account to below the Series 2008 A Bonds Reserve Requirement shall be subsequently restored from the first Gross 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 2008 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 therefor.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund, or the Series 2008 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund and the Series 2008 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 the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

B. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement as Exhibit F, 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.

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2008 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 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

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 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2008 A Bonds Reserve Account.

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 A Bonds Construction Trust Fund and applied solely to payment of the Costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

C. 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 2008 A Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements of Bond Proceeds. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2008 A Bonds from the Series 2008 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer, stating that:

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

Pending such application, monies in the Series 2008 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2008 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer, if applicable.

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 2008 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 2008 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 2008 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 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 any Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, the Series 2008 A 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 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 provide a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance duly enacted on March 4, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2008 A 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 2008 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 A Bonds, immediately be remitted to the Commission for deposit in the Series 2008 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 immediately apply such proceeds to the payment of principal of and interest, if any, on the Series 2008 A Bonds. Any balance remaining after the payment of all the Series 2008 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, 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, in writing, 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 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, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall be deposited in the Renewal and Replacement Fund.

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, 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 2008 A Bonds and the First Lien Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 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 2008 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 2008 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Additional Parity Bonds. No additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 A Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

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

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

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

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

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

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2008 A 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 account created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2008 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Series 2008 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 Ordinance with respect to the Series 2008 A Bonds then Outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance.

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

with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. 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 Council and the Authority, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 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.

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 thereto, and the Single Audit Act, or any successor thereto), 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 2008 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority and the Council 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 revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service 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 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 Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2008 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2008 A Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Series 2008 A Bonds Reserve Account and any reserve accounts for obligations on a parity with, or subordinate to, 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 2008 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2008 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent

Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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

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

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

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Council, the Authority 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 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 until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of 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. 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. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling, or building intended to be served by the System to connect thereto.

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2008 A Bonds required by State law, with all appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

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

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 A 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 2008 A Bonds.

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

Section 7.21. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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. 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 2008 A Bonds as a condition to issuance of the Series 2008 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 2008 A Bonds as may be necessary in order to maintain the status of the Series 2008 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 2008 A Bonds which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2008 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the

Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2008 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 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its respective part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A 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; or

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2008 A Bonds 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 Series 2008 A 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 Series 2008 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2008 A Bonds, or the rights of such Registered Owners.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the

Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest, if any, 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 2008 A Bonds, the principal of and interest, if any, due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 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 2008 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2008 A Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein 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 2008 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2008 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 2008 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. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

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

Section 11.07. 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 published and of general circulation in The Town of Newburg, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2008 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Passed on First Reading: May 6, 2008

Passed on Second Reading: June 3, 2008

Passed on Final Reading
Following Public
Hearing: July 8, 2008



Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of
THE TOWN OF NEWBURG on the 8th day of July, 2008.

Dated: August 5, 2008.

[SEAL]


Recorder

07.07.08
658210.00001

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF NEWBURG RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING A BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The Town of Newburg (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective July 8, 2008 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATER SYSTEM OF THE TOWN OF NEWBURG AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NEWBURG OF NOT MORE THAN \$800,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND

DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, in the aggregate principal amount not to exceed \$800,000 (the "Bonds" or the "Series 2008 A Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$522,000. The Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2048, and shall bear no interest. The principal of the Bonds shall be

payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, to and including June 1, 2048, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

Section 2. Section 2.01 of the Bond Ordinance is hereby replaced. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not to exceed \$1,266,186 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 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project in an amount compatible with the financing plan submitted to the Council and the Authority.

The cost of the Project is estimated, not to exceed \$1,266,186 of which not more than \$522,000 will be obtained from the proceeds of the 2008 A Bonds; \$511,000 will be obtained as a United States Department of Agriculture Grant and approximately \$233,186 will be obtained from a grant from the Council.

Section 3. 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 4. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. 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 6. 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 7. The Issuer does hereby appoint and designate Clear Mountain Bank, Bruceton Mills, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2008 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2008 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2008 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund as received from the Council from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 5, 2008, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

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

Section 14. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2008 A Bonds Sinking Fund, including the Series 2008 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 29th day of July, 2008.



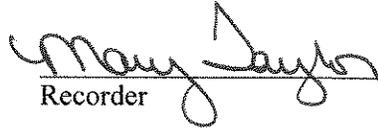
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The Town of Newburg on the 29th day of July, 2008.

Dated: August 5, 2008.

[SEAL]


Recorder

07.07.08
658210.00001

CH4934806.1

IC-1
(11/01/04)

LOAN AGREEMENT

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

THE TOWN OF NEWBURG

(Governmental Agency)

WITNESSETH:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds

outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

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

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

THE TOWN OF NEWBURG

(SEAL)

Attest:

By: Edgar E. Footney
Its: Mayor
Date: August 5, 2008

Mary Joy
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

Attest:

By: [Signature]
Its: Executive Director
Date: August 5, 2008

Barbara B. Meadows
Its: Secretary-Treasurer

{C1376750.1}

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 firm¹ has ascertained that all

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

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

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

[SEAL]

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th 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 \$522,000
Purchase Price of Local Bonds \$522,000

The Local Bonds shall bear no interest. Commencing June 1, 2010, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency: none.

\$522,000

SCHEDULE Y

The Town of Newburg

40 Years from Closing Date; 0% Interest Rate

Closing Date: August 5, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
06/01/2010	3,412.00	-	3,412.00
09/01/2010	3,412.00	-	3,412.00
12/01/2010	3,412.00	-	3,412.00
03/01/2011	3,412.00	-	3,412.00
06/01/2011	3,412.00	-	3,412.00
09/01/2011	3,412.00	-	3,412.00
12/01/2011	3,412.00	-	3,412.00
03/01/2012	3,412.00	-	3,412.00
06/01/2012	3,412.00	-	3,412.00
09/01/2012	3,412.00	-	3,412.00
12/01/2012	3,412.00	-	3,412.00
03/01/2013	3,412.00	-	3,412.00
06/01/2013	3,412.00	-	3,412.00
09/01/2013	3,412.00	-	3,412.00
12/01/2013	3,412.00	-	3,412.00
03/01/2014	3,412.00	-	3,412.00
06/01/2014	3,412.00	-	3,412.00
09/01/2014	3,412.00	-	3,412.00
12/01/2014	3,412.00	-	3,412.00
03/01/2015	3,412.00	-	3,412.00
06/01/2015	3,412.00	-	3,412.00
09/01/2015	3,412.00	-	3,412.00
12/01/2015	3,412.00	-	3,412.00
03/01/2016	3,412.00	-	3,412.00
06/01/2016	3,412.00	-	3,412.00
09/01/2016	3,412.00	-	3,412.00
12/01/2016	3,412.00	-	3,412.00
03/01/2017	3,412.00	-	3,412.00
06/01/2017	3,412.00	-	3,412.00
09/01/2017	3,412.00	-	3,412.00
12/01/2017	3,412.00	-	3,412.00
03/01/2018	3,412.00	-	3,412.00
06/01/2018	3,412.00	-	3,412.00
09/01/2018	3,412.00	-	3,412.00
12/01/2018	3,412.00	-	3,412.00
03/01/2019	3,412.00	-	3,412.00
06/01/2019	3,412.00	-	3,412.00

\$522,000

SCHEDULE Y

The Town of Newburg

40 Years from Closing Date; 0% Interest Rate

Closing Date: August 5, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2019	3,412.00	-	3,412.00
12/01/2019	3,412.00	-	3,412.00
03/01/2020	3,412.00	-	3,412.00
06/01/2020	3,412.00	-	3,412.00
09/01/2020	3,412.00	-	3,412.00
12/01/2020	3,412.00	-	3,412.00
03/01/2021	3,412.00	-	3,412.00
06/01/2021	3,412.00	-	3,412.00
09/01/2021	3,412.00	-	3,412.00
12/01/2021	3,412.00	-	3,412.00
03/01/2022	3,412.00	-	3,412.00
06/01/2022	3,412.00	-	3,412.00
09/01/2022	3,412.00	-	3,412.00
12/01/2022	3,412.00	-	3,412.00
03/01/2023	3,412.00	-	3,412.00
06/01/2023	3,412.00	-	3,412.00
09/01/2023	3,412.00	-	3,412.00
12/01/2023	3,412.00	-	3,412.00
03/01/2024	3,412.00	-	3,412.00
06/01/2024	3,412.00	-	3,412.00
09/01/2024	3,412.00	-	3,412.00
12/01/2024	3,412.00	-	3,412.00
03/01/2025	3,412.00	-	3,412.00
06/01/2025	3,412.00	-	3,412.00
09/01/2025	3,412.00	-	3,412.00
12/01/2025	3,412.00	-	3,412.00
03/01/2026	3,412.00	-	3,412.00
06/01/2026	3,412.00	-	3,412.00
09/01/2026	3,412.00	-	3,412.00
12/01/2026	3,412.00	-	3,412.00
03/01/2027	3,412.00	-	3,412.00
06/01/2027	3,412.00	-	3,412.00
09/01/2027	3,412.00	-	3,412.00
12/01/2027	3,412.00	-	3,412.00
03/01/2028	3,412.00	-	3,412.00
06/01/2028	3,412.00	-	3,412.00
09/01/2028	3,412.00	-	3,412.00
12/01/2028	3,412.00	-	3,412.00
03/01/2029	3,412.00	-	3,412.00
06/01/2029	3,412.00	-	3,412.00
09/01/2029	3,412.00	-	3,412.00
12/01/2029	3,412.00	-	3,412.00
03/01/2030	3,412.00	-	3,412.00
06/01/2030	3,412.00	-	3,412.00

IF 7-15-08 | SINGLE PURPOSE | 7/15/2008 | 3:32 PM

\$522,000

SCHEDULE Y

The Town of Newburg

40 Years from Closing Date; 0% Interest Rate

Closing Date: August 5, 2008

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2030	3,412.00	-	3,412.00
12/01/2030	3,412.00	-	3,412.00
03/01/2031	3,412.00	-	3,412.00
06/01/2031	3,412.00	-	3,412.00
09/01/2031	3,412.00	-	3,412.00
12/01/2031	3,412.00	-	3,412.00
03/01/2032	3,412.00	-	3,412.00
06/01/2032	3,412.00	-	3,412.00
09/01/2032	3,412.00	-	3,412.00
12/01/2032	3,412.00	-	3,412.00
03/01/2033	3,412.00	-	3,412.00
06/01/2033	3,412.00	-	3,412.00
09/01/2033	3,412.00	-	3,412.00
12/01/2033	3,412.00	-	3,412.00
03/01/2034	3,412.00	-	3,412.00
06/01/2034	3,412.00	-	3,412.00
09/01/2034	3,412.00	-	3,412.00
12/01/2034	3,412.00	-	3,412.00
03/01/2035	3,412.00	-	3,412.00
06/01/2035	3,412.00	-	3,412.00
09/01/2035	3,412.00	-	3,412.00
12/01/2035	3,412.00	-	3,412.00
03/01/2036	3,412.00	-	3,412.00
06/01/2036	3,412.00	-	3,412.00
09/01/2036	3,412.00	-	3,412.00
12/01/2036	3,412.00	-	3,412.00
03/01/2037	3,412.00	-	3,412.00
06/01/2037	3,412.00	-	3,412.00
09/01/2037	3,412.00	-	3,412.00
12/01/2037	3,412.00	-	3,412.00
03/01/2038	3,412.00	-	3,412.00
06/01/2038	3,412.00	-	3,412.00
09/01/2038	3,412.00	-	3,412.00
12/01/2038	3,412.00	-	3,412.00
03/01/2039	3,412.00	-	3,412.00
06/01/2039	3,412.00	-	3,412.00
09/01/2039	3,411.00	-	3,411.00
12/01/2039	3,411.00	-	3,411.00
03/01/2040	3,411.00	-	3,411.00
06/01/2040	3,411.00	-	3,411.00
09/01/2040	3,411.00	-	3,411.00
12/01/2040	3,411.00	-	3,411.00
03/01/2041	3,411.00	-	3,411.00
06/01/2041	3,411.00	-	3,411.00

\$522,000

SCHEDULE Y

The Town of Newburg

40 Years from Closing Date; 0% Interest Rate

Closing Date: August 5, 2008

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2041	3,411.00	-	3,411.00
12/01/2041	3,411.00	-	3,411.00
03/01/2042	3,411.00	-	3,411.00
06/01/2042	3,411.00	-	3,411.00
09/01/2042	3,411.00	-	3,411.00
12/01/2042	3,411.00	-	3,411.00
03/01/2043	3,411.00	-	3,411.00
06/01/2043	3,411.00	-	3,411.00
09/01/2043	3,411.00	-	3,411.00
12/01/2043	3,411.00	-	3,411.00
03/01/2044	3,411.00	-	3,411.00
06/01/2044	3,411.00	-	3,411.00
09/01/2044	3,411.00	-	3,411.00
12/01/2044	3,411.00	-	3,411.00
03/01/2045	3,411.00	-	3,411.00
06/01/2045	3,411.00	-	3,411.00
09/01/2045	3,411.00	-	3,411.00
12/01/2045	3,411.00	-	3,411.00
03/01/2046	3,411.00	-	3,411.00
06/01/2046	3,411.00	-	3,411.00
09/01/2046	3,411.00	-	3,411.00
12/01/2046	3,411.00	-	3,411.00
03/01/2047	3,411.00	-	3,411.00
06/01/2047	3,411.00	-	3,411.00
09/01/2047	3,411.00	-	3,411.00
12/01/2047	3,411.00	-	3,411.00
03/01/2048	3,411.00	-	3,411.00
06/01/2048	3,411.00	-	3,411.00
Total	\$522,000.00	-	\$522,000.00

Yield Statistics

Bond Year Dollars	\$10,868.67
Average Life	20.821 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.01E-10
Bond Yield for Arbitrage Purposes	1.01E-10
All Inclusive Cost (AIC)	1.01E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.821 Years

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SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 12, 2008

FINAL

6/24/2008

Per Commission
Order Waiving the
Exception Period

CASE NO. 08-0124-W-PC-CN

TOWN OF NEWBURG

Application for a certificate of convenience and necessity to connect to the Taylor County Public Service District water system, construct waterlines and pumping station and do fencing and repairs to the present water tank and petition for consent and approval of a water purchase contract between the Town of Newburg and Taylor County PSD whereby Taylor County PSD will sell a maximum of 1.5 million gallons of potable water per month to the Town of Newburg.

RECOMMENDED DECISION

On February 4, 2008, the Town of Newburg (Town) filed an application, duly verified, for a certificate of convenience and necessity to construct and install additions to its water distribution system to connect its system to that of the Taylor County Public Service District (District). The proposed project will serve the Town's 218 existing customers as well as approximately 47 new customers. The proposed project, estimated to cost \$1,180,000, will be financed by a USDA Rural Utilities Service (RUS) grant in the amount of \$511,000, a West Virginia Infrastructure and Jobs Development Council (WVIJDC) grant in the amount of \$147,000 and a WVIJDC loan in the amount of \$522,000 at a 0% interest rate repayable over 40 years. The Town proposed a 35% increase in rates to generate sufficient revenues to cover the increased debt service and operation and maintenance (O&M) expenses associated with the project. A Rule 42 Exhibit for the year ended June 30, 2007, prepared by Bennett & Dobbins, PLLC, was attached to the certificate application, as were a proposed Notice of Filing and various other exhibits.

By Commission Order dated February 4, 2008, as revised by Commission Order dated February 7, 2008, the Town was directed to provide notice of the filing of the certificate application by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Preston County, West Virginia, making due return to the Commission of proper certification of publication immediately after publication. The Notice specifically noted that the proposed increases were based on averages of all customers in the indicated class and that individual customers might receive increases that are greater or less than average. The requested rates and charges were only a proposal and were subject to change by the Public Service Commission in its review of this filing. The Notice directed that anyone

desiring to make objection to the certificate application or intervene in said proceeding must do so, in writing, within thirty (30) days after publication of said Notice. It was further provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increase, or to participate in future proceedings. The Notice further provided that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the certificate application based upon its review of the evidence submitted in the application.

On February 6, 2008, the Town filed a petition seeking Commission consent and approval of a water purchase contract dated January 8, 2008, by and between the Town and the District, which was given the case designation of Case No. 08-0129-W-PWD-PC. However, based upon the recommendation of Commission Staff, by Order dated February 6, 2008, the Commission dismissed Case No. 08-0129-W-PSD-PC and directed that it be copied, docketed, distributed and placed in Case No. 08-0124-W-CN.

By Commission Order dated February 13, 2008, this matter, Case No. 08-0124-W-PC-CN, was referred to the Division of Administrative Law Judges for further disposition and decision to be rendered on or before June 18, 2008, if no public protests to the certificate application were received within the 30-day protest period, and on or before September 2, 2008, if public protests were filed.

On March 10, 2008, the Town filed an affidavit of publication reflecting that, in accordance with the Commission's February 4, 2008 Order, as revised by Commission Order dated February 7, 2008, an Amended Notice of Filing was published on February 13, 2008, in The Preston County Journal, a newspaper duly qualified by the Secretary of State, published and of general circulation in Preston County, West Virginia. The Town also filed a copy of a letter from the West Virginia Department of Transportation's Division of Highways (WVDOH) indicating that a WVDOH permit for the proposed project will be issued upon receipt of a \$50,000 Performance Bond and a copy of WV/NPDES Permit No. WV0115924 issued by the West Virginia Department of Environmental Protection approving the storm water pollution prevention plan for the proposed project. Additionally, the Town filed copies of various documents relating to its adoption of a rate ordinance on March 4, 2008, including an affidavit signed by the Town's Mayor demonstrating its compliance with the notice requirements of Rule 10.3.d. of the Commission's Rules for the Construction and Filing of Tariffs (Tariff Rules).

Also on March 10, 2008, Staff Attorney Lisa L. Wansley filed an Initial Joint Staff Memorandum to which was attached an Initial Internal Memorandum dated February 29, 2008, prepared by Lisa Bailey, Technical Analyst I, Engineering Division, and Michael Quinlan, Utilities Analyst I, Water and Wastewater Division. Commission Staff reported that it was continuing its investigation into the Town's certificate application and would file a final recommendation herein in a timely manner.

On April 29, 2008, Ms. Wansley filed a Final Joint Staff Memorandum to which was attached a Final Internal Memorandum dated April 25, 2008, prepared by Ms. Bailey and Mr. Quinlan. Commission Engineering Staff

reported that the Town currently owns and operates a single water well which supplies all of the water to its 218 residential and small commercial customers in Preston County. While the existing well produces sufficient volume to meet customer demands, the water quality is slowly deteriorating and the presence of iron and manganese in the water has resulted in the corrosion of pipes and fixtures, the staining of clothing and an overall unsanitary appearance of the water. In addition to the foregoing problems, the water also has a strong sulfur smell and an unpleasant taste. Also a coal company in the area will soon begin long wall mining operations which may lead to the loss of the Town's source of water. Commission Staff commented upon needed repairs to the Town's existing water tank as well as needed tank security additions.

Commission Engineering Staff went on to explain that the proposed project will require the Town to purchase water from the District pursuant to the water purchase contract, which is also a subject of this proceeding. After reviewing the records for the District, Commission staff was of the opinion that sufficient excess capacity is available within the District's water system to meet the additional demands of the Town's customers. Commission Technical Staff also noted that, in cases of emergency, finished water can be obtained for the Town's customers from its existing well water supply and transmission system which will be left in place as a backup to the District's water supply. Proper isolation and shut off controls exist to prevent cross-contamination of the two (2) water systems.

The proposed project consists of the installation of approximately 10,870 linear feet of 8-inch line; 9,120 linear feet of 6-inch line; 3,010 linear feet of 4-inch line; and 4,380 linear feet of 2-inch line. One (1) 60 g.p.m. pumping station and controls, a pressure reducing/rate control valve bypass at the existing 125 g.p.m. pumping station and necessary valves and appurtenances will also be installed. The 70,000-gallon welded steel water tank will be repainted; the existing cast iron access hatch will be replaced with an aluminum match; the tank roof hatch will be replaced; and a second access manhole in the bottom of the tank will be installed along with the erection of a security fence around the tank site.

The estimated total project cost is \$1,180,000, with an estimated construction cost of \$927,000. The breakdown of the project cost is as follows, to-wit:

Construction Costs	\$ 927,000
Engineering Cost	
Design/Planning	93,000
Inspection	60,220
Legal Cost	15,000
Bond Council	10,000
Accounting Costs	9,000
Lands and Right-of-Way	
Costs/Permits	7,500
Project Contingency	<u>58,280</u>
 TOTAL PROJECT COST	 \$1,180,000

Commission Staff was careful to point out that work on the proposed project had not been let out for bids and that the above figures are only estimates. Noting that construction costs have been rapidly escalating, Commission Staff recommended that the District plan for the likelihood of increased construction costs and begin investigating sources of supplemental funding and/or alternatives to adjust the project scope.

The estimated construction cost per customer for this project, i.e., \$18,340, is high, and the customer density for the project, i.e., nine customers per mile, is very low. However, based on the project funding package, including the relatively large amount of grant funding proposed, about 56%, the project cost per customer and customer density were believed by Commission Staff to be reasonable. Commission Engineering Staff stated that all of the easements, rights-of-way and land acquisitions required for the Town's proposed project had been acquired and that all water user agreements for the new customers had also been obtained. Commission Engineering Staff was also of the opinion that all necessary permits and regulatory approvals needed for the proposed project had either been issued or would be available prior to the start of actual construction.

Commission Engineering Staff noted that the Town's consulting engineer had considered and evaluated three (3) alternatives for the Town's water supply. The first was a "no action" alternative which would leave the Town's water supply as is. This alternative was not acceptable due to water quality issues. The second alternative was to construct treatment facilities for the removal of iron, manganese and hydrogen sulfide gas. This alternative assumed that mines in the area would not continue to affect the well water supply. Additionally, the capital and operating costs for this option would be significantly higher than the third alternative of electing to purchase water from a viable neighboring plant, which is, in fact, the alternative selected by the Town. Commission Staff stated that it was in agreement with the Town's alternative assessment and concurred with its election to purchase water from a neighboring water treatment plant.

Commission Staff provided a brief review of the proposed water purchase contract between the Town and the District, which provides, in part, that the District will supply the Town with up to 1.5 million gallons of water per month, and recommended its approval, subject to one (1) revision. Commission Staff recommended that Section C.5. of the proposed water purchase contract be revised to clarify the language used regarding modifications to the contract.

Commission Financial Staff reported that the proposed project will be financed by a \$511,000 RUS grant, a \$147,000 WVIJDC grant and a WVIJDC loan in the amount of \$522,000 at a 0% interest rate for 40 years. Letters of commitment for the funding were provided with the certificate application.

Commission Financial Staff went on to report that it had reviewed the Town's Rule 42 Exhibit, which is based on the year ended June 30, 2007 Annual Report. The Town proposed a 35% increase in its rates and charges as a result of the proposed project at issue herein and has

adopted new rates to become effective upon completion of the proposed project and the start of the purchase of water from the District. Commission Staff included, as Attachment 2 to its Final Internal Memorandum, a Staff-Recommended tariff for the Town to use as a basis for its next rate ordinance to bring its tariff language into conformity with the tariff language currently contained in the Commission's current Tariff Rules.

The Town's rate increase will increase annual revenues by \$27,809. The Town estimated annual O&M expenses to increase by \$4,317 and taxes other than income taxes to increase by \$201. Commission Staff's cash flow analysis reveals that the Town's increased rates and charges will produce a cash flow deficit of \$641, with a debt service coverage factor of 118%. Accordingly, while Commission Staff was of the opinion that the Town's proposed project is financially feasible and should be approved, it was pointed out that, due to the possible cash flow deficit, the Town should closely monitor its financial situation to insure that it continues to have rates that are adequate to support the operation and maintenance of its water system and meet its bond holders' coverage requirements.

On May 5, 2008, the Town filed a Response to Commission Staff's April 29, 2008 Final Joint Staff Memorandum, indicating agreement with Staff's recommendations.

On May 9, 2008, the Town filed a revised water purchase agreement executed by the Town and the District which incorporated Commission staff's recommended change to Section C.5. thereof, together with duly executed resolutions of the Town's Council and the District's Board of Director's approving the water purchase contract, as revised.

DISCUSSION

Based upon a review of the Town's application, as well as Commission Staff's recommendations, the undersigned is of the opinion that the proposed project is reasonable, convenient, necessary and appropriate given the need to provide the Town's residents and water utility customers with a safe and reliable source of water. As noted by both Commission Staff and the Town, the quality of the water currently being provided by the Town to its existing customers is quite poor due to the presence of iron and manganese in the water, together with a strong sulfur odor and unpleasant taste. Additionally, legitimate concerns have been raised that the Town may well lose its water well as a source of water supply due to projected new long wall mining operations in the area. The need to eliminate the iron and manganese contaminants and sulfur odor from the Town's water supply and provide the Town's existing water utility customers, as well as to the new customers to be added as a direct result of the project, with a safe and reliable potable water is readily apparent. In striving to reach a solution to its water supply problems, the Town explored three (3) options and the undersigned concurs with the Town, its consulting engineer and Commission Staff that the alternative selected, i.e., connection to the Taylor County Public Service District's water system and the purchase of water from the District pursuant to a water purchase contract, which is also at issue

herein, is reasonable and will be approved, as will the water purchase contract between the District and the Town.

The financing for the proposed project, consisting of a \$511,000 RUS grant, a \$147,000 WVIJDC grant and a WVIJDC loan in the amount of \$522,000 at a 0% interest rate for 40 years, will also be approved. The Town's water rates, which were adopted by the Newburg Town Council on March 4, 2008, will be sufficient, but not more than sufficient, to cover the proposed annual operating expenses, debt service and reserve requirements although the Town may experience a cash flow deficit of approximately \$641, as reported by Commission Staff and reflected in Attachment 3 to Commission Staff's April 25, 2008 Final Internal Memorandum. While the undersigned is of the opinion that the Town's proposed project is financially feasible, it must be pointed out, as did Commission Staff, due to the probable cash flow deficit, that the Town must, in the future, closely monitor all financial aspects of its water utility operation to insure that it continues to have rates that are adequate to support the operation of its water system and meet all requirements of its bondholders.

FINDINGS OF FACT

1. On February 4, 2008, the Town of Newburg filed an application for a certificate of convenience and necessity to construct and install additions to its water distribution system to connect its system to that of the Taylor County Public Service District. The proposed project will provide water utility service to the Town's 218 existing customers as well as approximately 47 new customers. (See, February 4, 2008 filing).

2. On February 6, 2008, the Town filed a petition seeking Commission consent and approval of a water purchase contract by and between the Town and the District which was, by Commission Order dated February 6, 2008, incorporated into and made a part of this proceeding. (See, February 6, 2008 filing in Case No. 08-0129-PWD-PC and Commission Order dated February 6, 2008).

3. On March 10, 2008, the Town filed an affidavit of publication reflecting that, in accordance with the Commission's February 4, 2008 Order, as revised by Commission Order dated February 7, 2008, an Amended Notice of Filing was published on February 13, 2008, in The Preston County Journal, a newspaper duly qualified by the Secretary of State, published and of general circulation in Preston County, West Virginia. (See, Affidavit of Publication filed March 10, 2008).

4. No protests or objections were received to the Town's certificate application within the thirty-day response period, which expired on March 14, 2008, or as of the date of this Order. (See, case file generally).

5. The total estimated cost of the proposed project, \$1,180,000, will be financed by a \$511,000 RUS grant, a WVIJDC grant in the amount of \$147,000 and a WVIJDC loan in the amount of \$522,000 at a 0% interest rate repayable over 40 years. (See, application filed February 4, 2008; Final Joint Staff Memorandum and attachment filed April 29, 2008).

6. The Town currently owns and operates a single water well to supply water to its current customers and, while that well produces sufficient volume to meet current customer demands, the water quality is deteriorating due to the presence of iron and manganese in the water, which has resulted in the corrosion of pipes and fixtures, the staining of clothing and an overall unsanitary appearance of the water. In addition to the foregoing problems, the water also has a strong sulfur smell and an unpleasant taste. (See application filed February 4, 2008; Final Joint Staff Memorandum and attachment filed April 29, 2008).

7. A coal company in the vicinity of the Town will soon begin long wall mining operations which may lead to the loss of the Town's source of water. (See, application filed February 4, 2008; Final Joint Staff Memorandum and attachment filed April 29, 2008).

8. The Town's existing water storage tank is in need of sandblasting and painting; a second manhole needs to be installed in the tank to meet confined space entry safety requirements; the tank's existing cast-iron access hatch needs to be replaced with an aluminum hatch; the tank roof hatch needs to be replaced; and a fence needs to be placed around the tank site for security purposes. (See, application filed February 4, 2008; Final Joint Staff Memorandum and attachment filed April 29, 2008).

9. On March 4, 2008, the Town adopted an ordinance that increased its rates and charges for furnishing water service to its current and prospective water utility service customers. The increased rates and charges will become effective upon completion of the construction project at issue herein and will produce approximately \$27,809 annually in additional revenue, an overall rate increase of approximately 35%. (See, Application filed February 4, 2008; Copy of Ordinance filed March 10, 2008; Final Joint Staff Memorandum and attachment filed April 25, 2008).

10. The Town's current rates and charges will produce an annual cash flow deficit of \$7,079. With the Town's 35% increase in rates and charges, it will experience an annual cash flow deficit of \$641 and a debt service coverage factor of 118%. (See, Final Joint Staff Memorandum and attachment filed April 25, 2008).

11. The proposed water purchase contract by and between the District and the Town provides, in part, that the District will sell to the Town a maximum of 1.5 million gallons of potable water per month, to be provided at a reasonable constant pressure of 130 psi from an existing 4-inch main supply at a point located at the corporate boundary of the District at a site contiguous to U.S. Route 50. The cost to the Town for the water purchased from the District will be \$0.995 per 1,000 gallons of water. (See, February 6, 2008 filing).

12. Commission Staff recommended that the Town's certificate application be granted; the project funding be approved; the Town file a revised water purchase agreement by and between it and the District, incorporating certain Staff-recommended revisions; and the water purchase agreement by and between the Town and District, as revised, be approved. (See, Final Joint Staff Memorandum and attachment filed April 29, 2008).

13. On May 9, 2008, the Town filed a revised water purchase agreement executed by the Town and the District which incorporated Commission Staff's recommended change to Section C.5. thereof, together with duly executed resolutions of the Town's Council and the District's Board of Director's approving the water purchase contract as revised. (See, May 9, 2008 filing).

CONCLUSIONS OF LAW

1. The public convenience and necessity require approval of the application and the issuance of a certificate of convenience and necessity to the Town of Newburg to construct and install additions to its water distribution system to connect its system to that of the Taylor County Public Service District.

2. It is reasonable to approve the project financing, consisting of a \$511,000 RUS grant, a \$147,000 WVIJDC grant and a WVIJDC loan in the amount of \$522,000 at a 0% interest rate repayable over 40 years.

3. It is reasonable to approve the revised Water Purchase Contract by and between the Town of Newburg and the Taylor County Public Service District submitted to the Commission on May 9, 2008.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on February 4, 2008, by the Town of Newburg for a certificate of convenience and necessity to construct and install additions to its water distribution system to connect its system to that of the Taylor County Public Service District be, and hereby is, granted, contingent upon the Town obtaining and filing herein all necessary federal, state and local permits and approvals for the proposed project prior to commencement of actual construction.

IT IS FURTHER ORDERED that the revised Water Purchase Contract filed herein on May 9, 2008, by and between the Town of Newburg and the Taylor County Public Service District whereby the District will sell potable water to the Town for resale to its customers be, and hereby is, approved, without specifically approving the terms and conditions thereof.

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

IT IS FURTHER ORDERED that the Town of Newburg shall file an original and at least five (5) copies of a revised tariff reflecting the rates adopted in its March 4, 2008 Ordinance within thirty days of the date that the project at issue herein becomes operational.

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

IT IS FURTHER ORDERED that, if the plans and/or scope of the project change or if financing changes affect rates, the Town of Newburg shall obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if project financing changes do not affect rates, the Town of Newburg shall file herein an affidavit duly executed by a certificate public accountant verifying that the Town's rates and charges are not affected.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Town of Newburg comply with all rules and regulations of the Division of Highways regarding use of those rights-of-way.

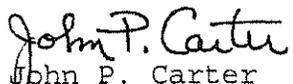
IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

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

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

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

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


John P. Carter
Administrative Law Judge

JPC:kkp
080124a.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 19th day of June 2008.

CASE NO. 08-0124-W-PC-CN
TOWN OF NEWBURG

Application for a certificate of convenience and necessity to connect to the Taylor County Public Service District water system, construct waterlines and pumping station, and do fencing and repairs to the present water tank, and petition for consent and approval of a water purchase contract between the Town of Newburg and Taylor County PSD, whereby Taylor County PSD will sell a maximum of 1.5 million gallons of potable water per month to the Town of Newburg.

COMMISSION ORDER
WAIVING EXCEPTION PERIOD

On June 12, 2008, the Administrative Law Judge assigned to this case entered a Recommended Decision that, among other things, approved the application filed by the Town of Newburg to construct and install additions to its water distribution system, to be effective on and after the date that the Recommended Decision becomes a final order of the Commission.

On June 13, 2008, the Town filed a petition to waive the fifteen-day period of time in which a party may file exceptions to the Recommended Decision in this proceeding.

On June 13, 2008, Commission Staff indicated it does not intend to file exceptions in this case.

W. Va. Code §24-1-9 provides a time period of at least twenty days from the date of a recommended order until it becomes effective. According to W. Va. Code §24-1-9(c), at least fifteen days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five days within which to stay or postpone the order.

IT IS THEREFORE ORDERED that the requested waiver be, and hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge Recommended Decision in this matter becomes final five days after the date of this order, absent further action by the Commission.

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

A True Copy, Testo:


Sandra Squire
Executive Secretary

SS/kc
080124sb.wpd

Certificate of Publication

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

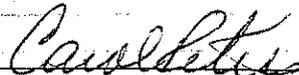
PSC Town of Newburg to connect to Taylor Water System

a copy of which notice is hereto annexed, was published in said paper for One successive weeks, beginning with its issue of 2/13/08

and expiring with its issue of 2/13/08

And, I do further certify that on 2/13/08

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



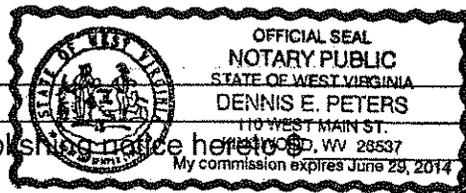
ADVERTISING MANAGER

Subscribed and sworn to before me this the 18th day of February, 2008



NOTARY PUBLIC

My commission expires 6/29/2014



Kingwood, WV

Received of _____

Amount for publication of notice hereto _____

ADVERTISING MANAGER

RECEIVED
2008 MAR 10 AM 8 03
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

LEGAL NOTICE
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 7th day of February, 2008.

CASE NO. 08-0124-W-PC-CN

TOWN OF NEWBURG

Newburg, WV 26410-0026

Application for a certificate of convenience and necessity to connect to the Taylor County Public Service District water system, construct waterlines and pumping station and do-fencing and repairs to the present water tank, and petition for consent and approval of a water purchase contract between the Town of Newburg and Taylor County PSD whereby Taylor County PSD will sell a maximum of 1.5 million gallons of potable water per month to the Town of Newburg.

AMENDED NOTICE OF FILING

WHEREAS, on February 4, 2008, the Town of Newburg, filed an application, duly verified, for a Certificate to connect to the Taylor County Public Service District water system, to construct waterlines and pumping station and to make improvements to the water tank, all as improvements to the water system in the Town of Newburg, Preston County, West Virginia. This application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the Town of Newburg estimates that construction will cost approximately \$1,180,000.00. It is proposed that the construction will be financed as follows: a grant of \$511,000.00 from USDA Rural Development, a grant of \$147,000.00 from West Virginia Infrastructure & Jobs Development Council and a loan of \$522,000.00 from West Virginia Infrastructure & Jobs Development Council at 0.0% for 40 years.

WHEREAS, the utility anticipates charging the following water rates for its customers:

Number of Gallons/Month	Rate
First 2,000 gallons used per month	\$7.06 per 1,000 gallons
All over 2,000 gallons used per month	\$7.06 per 1,000 gallons

MINIMUM MONTHLY BILL

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

5/8 x 3/4 inch meter	\$14.12 per month
3/4 inch meter	\$21.18 per month
1 inch meter	\$35.30 per month
1 1/2 inch meter	\$70.60 per month
2 inch meter	\$112.96 per month
3 inch meter	\$211.80 per month
4 inch meter	\$353.00 per month
6 inch meter	\$706.00 per month
8 inch meter	\$1,229.60 per month

The minimum monthly bill shall be \$14.12 per month for 2,000 gallons.

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of the latest pay date, ten percent (10%) will be added to the net current amount unpaid. This delayed penalty is not interest and is to be collected only once for each bill where it is appropriate.

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

LEAK ADJUSTMENT INCREMENT

\$4.89 per 1,000 gallons. To be used when the 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 such unusual consumption above the customer's historical average usage.

CONNECTION CHARGE

A charge of \$100.00 will be made for every new subscriber requiring a new connection for all size meters and connections paid prior to construction.

A charge of \$250.00 will be made for every new subscriber requiring a new connection for all size meters and connections after construction.

RECONNECTION SERVICE CHARGE

There shall be a Reconnection Charge of \$25.00, which shall be paid prior to restoration of water service previously disconnected for non-payment of water charges or for other disconnected lines.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$20.00.

This is rate increase due to the construction project and will take effect after the completion of construction. The project has grant and loan funds and the current rates do not support the loan payments which will be incurred in constructing the new waterlines and work required for rehabilitation of the water system.

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.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Town of Newburg give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and a general circulation in Preston County, making due return to this Commission of proper certificate of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Squire
Executive Secretary
2/13



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Highways

Office of the District Engineer

District Four

Joe Manchin III
Governor

P. O. Box 4220 · Clarksburg, West Virginia 26302 · 304/842-1500

January 16, 2008

Town of Newburg
P.O. Box 40 Railroad St
Newburg, WV 26410

Dear applicant:

Your approved copy of Permit Number: 04-08-0055 of type *Utility-Water* is enclosed. A description of the work is on the attached permit.

Your attention is called to Paragraph Three (3) of Form MM-109 stating it is mandatory that the applicant notify John Gallo at the District Four Utility Office at 842-1577 at least forty-eight (48) hours prior to starting construction of the project.

Before digging or otherwise disturbing the earth, call: 1-800-245-4848. To notify many underground owners – three days notice is requested. (A free service).

A copy of this permit is to be available on the job at all times while the work is in progress for inspection by the West Virginia Division of Highways personnel.

Sincerely,

Greg Phillips
District Manager

Denise Roncone
Permit Supervisor

GP:DR:sg
Attachments

cc: County
Charleston
Permits

PERMIT NO. 04-08-0055

PERMIT TO ENTER UPON, UNDER, OVER OR ACROSS THE STATE ROADS OF THE STATE OF WEST VIRGINIA, AS PROVIDED FOR IN SECTION 6, ARTICLE 16, CHAPTER 17; SECTION 9, ARTICLE 16, CHAPTER 17; SECTION 8, ARTICLE 4, CHAPTER 17, WEST VIRGINIA CODE, 1931, AS AMENDED.

THIS PERMIT, Made this 7 day of November 2007, between the WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS, a statutory corporation hereinafter called DIVISION and Town of Newburg

Address: P.O. Box 40, Railroad St., Newburg, WV 26410 Phone No: 304-892-3341
hereinafter called APPLICANT.

WITNESSETH

In consideration of the hereinafter set out covenants and in accordance with Section 6, Article 16, Chapter 17; or Section 9, Article 16, Chapter 17; or Section 8, Article 4, Chapter 17, of the Official Code of West Virginia, 1931, as amended, and the rules and regulations promulgated thereunder, APPLICANT does hereby apply to enter

Route No. & Type US 50, SR 92, CR 62, CR 60, DOH Project No. _____ (if applicable);
at see attached drawings Mile Post Various
in Preston County, for the purposes hereinafter set forth and in accordance with the plans and specifications which are attached hereto and made a part hereof: _____
installation of a municipal water main and appurtenances

APPLICANT further agrees to accept the conditions hereinafter set forth:

1. APPLICANT shall deposit with DIVISION the sum of \$ 50,000 in the form of a certified check, money order, or executed bond with surety satisfactory to DIVISION to cover any damage and inspection costs DIVISION may sustain by reason of the granting of this permit, including any expense incurred in restoring said highway to its original condition or the proper repair of any and all damages that may result within one (1) year from the date of the completion of said work.
2. APPLICANT agrees to reimburse DIVISION for inspection costs as follows:
 - A. For any inspection costs incurred under this permit.
 - B. At \$ 0.43 per linear foot for 16,955 feet of water line installed under this permit
 - C. At \$ _____ per linear foot for _____ feet of sewer line installed under this permit
3. APPLICANT shall notify DIVISION at least 48 hours in advance of the date work will begin. Failure to comply will be cause for cancellation of this permit.
4. APPLICANT agrees to protect its employees, equipment and users of the highway at all times in accordance with the current Division of Highways manual "Traffic Control For Streets and Highways Construction and Maintenance Operation".
5. APPLICANT agrees to comply with all applicable state and federal laws in the performance of work under this permit.
6. Supplementary conditions cited on the reverse side of this permit are understood and agreed to be a part hereof.
7. The work authorized under this permit shall be completed on or before (Date): 12-7-08

RECOMMENDED:

Title John H. Gallo
Utilities Supervisor

Edmund E. F. Stoney Meyer
Signature and Title of Applicant

BOND REQUIREMENT:
BOND NO. 105151020 DATE 7-21-08
Attached On File

APPROVED: Original Signed By
Greg Phillips
Title District Manager
West Virginia Division of Highways

INSPECTION:
Full Time Owner/Consultant
Periodic Part Time
Reimbursable No Cost

AUTHORIZATION NO: _____

PERMIT NO: 04-08-0055

CHAPTER 17 WEST VIRGINIA CODE, 1931

§17-4-8. Use of roadbed by railroad, telephone company, etc.

No railroad or electric or other railway shall be constructed upon the roadbed of any state road, except to cross the same, nor shall any person, firm or corporation enter upon or construct any works in or upon such road, or lay or maintain thereon or thereunder any drainage, sewer or water pipes, gas pipes, electric conduits or other pipes, nor shall any telephone, telegraph or electric line or power pole, or any other structure whatsoever, be erected upon, in or over any portion of a state road, except under such restrictions, conditions and regulations as may be prescribed by the state road commissioner. Whenever any railroad or electric or other railway, heretofore or hereafter constructed, shall cross any state road, it shall be required to keep its own roadbed, and the bed of the road or highway at such crossing, in proper repair, or else to construct and maintain an overhead or undergrade crossing, subject to the approval of the state road commissioner; and the tracks of such railroad or railway at grade crossings shall be so constructed as to give a safe and easy approach to and across the same, and when the construction of such approaches is made necessary by a change in the railroad grade at the grade crossing, the cost shall be upon the railway company.

§17-16-6. Permit by commission or county court for openings in or structures on public roads; franchises and easements of oil, etc., transportation companies.

No opening shall be made in any state or county-district road or highway, nor shall any structure be placed therein or thereover, nor shall any structure, which has been so placed, be changed or removed, except in accordance with a permit from the state road commission or county court, as the case may be. No road or highway shall be dug up for laying or placing pipes, sewers, poles or wires, or for other purposes, and no trees shall be planted or removed or obstructions placed thereon, without the written permit of the commission or county court, or its duly authorized agent, and then only in accordance with the regulations of the commission or court. The work shall be done under the supervision and to the satisfaction of the commission or court; and the entire expense of replacing the highway in as good condition as before shall be paid by the persons to whom the permit was given, or by whom the work was done: **Provided, however,** That nothing herein contained shall be so construed as to prevent any oil or gas company or person having a proper permit or franchise from transporting oil or gasoline along any of the public highways of this state, nor to give such company a franchise without paying to the landowners through whose lands such road passes the usual and customary compensation paid or to be paid to the landowners for such right of way. Any grant or franchise when made shall be construed to give to such company or person only the right to use the easement in such public road.

A violation of any provision of this section shall be a misdemeanor, and the person or corporation violating the same shall, upon conviction thereof, be fined not less than twenty-five nor more than one hundred dollars for each offense.

§17-16-9. Private driveways or approaches to roads; obstruction of ditches.

The owner or tenant of land fronting on any state road shall construct and keep in repair all approaches or driveways to and from the same, under the direction of the state road commission, and, likewise, the owner or tenant of land fronting on any county-district road shall construct and keep in repair all approaches or driveways to and from the same, under the direction of the county road engineer, and it shall be unlawful for such owner or tenant to fill up any ditch, or place any material of any kind or character in any ditch, so as in any manner to obstruct or interfere with the purposes for which it was made.

SUPPLEMENTARY CONDITIONS

The person, firm or corporation to whom a permit is issued agrees to hold the State of West Virginia and DIVISION harmless on account of any damages to persons or property which may arise during the process of the work authorized by this permit or by reason thereof.

Applications for permission to perform work within highway rights of way shall be made on DIVISION'S standard permit form and shall be signed by the authorized representative of the person, firm or corporation applying.

The APPLICANT shall give detailed information concerning the work to be performed and the application must include a sketch sufficient to show the nature of the work performed.

APPLICANT, his agents, successor, heirs or assigns, contractors or any other person, firm or corporation working under APPLICANT'S real or apparent authority, shall perform the work in a manner satisfactory to DIVISION. Damage to the road resulting at any time from work authorized under this permit shall be repaired by APPLICANT. Unsatisfactory repairs may be corrected by DIVISION or its authorized agent and the cost thereof paid by APPLICANT.

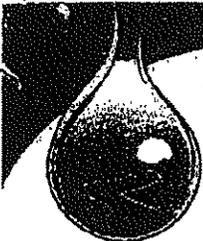
DIVISION assumes no liability for damage to the proposed work by reason of construction or maintenance work on the road. This permit is granted subject to removal of the authorized installation by APPLICANT at no cost to DIVISION when required for improvement of the road, and subject to all regulations now or hereafter adopted by DIVISION.

Utility installation shall be in accordance with the current manual, "Accommodation of Utilities on Highway Right of Way".

Driveways shall be in accordance with the current manual, "Rules and Regulations for Constructing Driveways on State Highway Right-of-Way".

DIVISION reserves the right to cancel this permit at any time, should APPLICANT fail to comply with the terms and conditions under which it is granted.

This permit is granted only insofar as the DIVISION has a right to do so.



WEST VIRGINIA

Infrastructure & Jobs Development Council

RECEIVED
JUL 18 2008
VAUGHN, COAST & VAUGHN, INC.

RECEIVED
PUBLIC SERVICE
COMMISSION
REGULATORY OFFICE
JUL 23 AM 8 29

Gov. Joe Manchin, III
Chairman

July 15, 2008

Kenneth Lowe, Jr.
Public Member

The Honorable Ed Fortney
Mayor, Town of Newburg
P.O. Box 40
Newburg, West Virginia 26410

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Re: Binding Commitment Letter (Revised)
Town of Newburg Water Project
Project 2005W-883

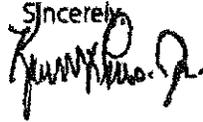
Jefferson E. Brady, P.E.
Executive Director

Paula Koontz
Administrative Secretary

Dear Mayor Fortney:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Town of Newburg's (the "Town") revised funding request for financing its water project. Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. At its July 9, 2008 meeting, the Infrastructure Council voted to revise its December 12, 2007 binding commitment (the "Commitment") as shown on the attached Schedule A attached hereto and incorporated herein by reference. The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this revised binding offer of an additional Infrastructure Fund grant of \$86,186 (the "Grant") to the Town for the above referenced water project (the "Project") as a result of a bid overrun. This is an additional grant to complete the funding of this project as you previously received an Infrastructure Fund loan agreement for a \$346,000 loan and an Infrastructure Fund grant agreement for a \$147,000 grant and an additional binding commitment for an Infrastructure Fund loan of \$176,000.

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

Sincerely,


Kenneth Lowe, Jr.

Attachment

cc: Bob DeCrease, BPH (via E-mail)
Joseph Crickenberger, RUS
Region VI Planning & Development Council
Morgan Coast, Vaughn, Coast & Vaughn, Inc.
Dan Pauley, WVRCAP

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

Town of Newburg

By: _____

Its: _____

Date: _____

2.	Special Conditions:	None
D.	Other Funding Sources: RUS grant	\$ 511,000
E.	Total Project Cost:	\$1,266,186

RECEIVED
2008 JUL 23 PM 8 29
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE



Jefferson E. Brady, P.E. Executive Director

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Phone: (304) 558-4607
Facsimile: (304) 558-4609
Jefferson.Brady@verizon.net

December 15, 2006

The Honorable Ed Fortney
Town of Newburg
P.O. Box 40
Newburg, WV 26410

Re: Loan and Grant Agreement
Water Project 2005W-843
Action Required by January 15, 2007

Dear Mayor Fortney:

At the December 6, 2006 meeting of the West Virginia Infrastructure & Jobs Development Council (the "Council"), the Council authorized the West Virginia Water Development Authority (the "Authority") to enter into a loan and grant agreement with the Town of Newburg (the "Town") for a loan of \$346,000 and a grant of \$147,000. The loan and grant will be made from the proceeds of bonds issued by the Authority on behalf of the Council. To comply with new US Internal Revenue Code requirements, the Council and the Authority replaced the binding commitment letters with the attached loan and grant agreements.

If the Town intends to accept the loan and grant, its governing body must adopt a written resolution authorizing it to enter into the loan and grant agreements. If authorized, the Town should execute the loan and grant agreements in triplicate and return them, along with a certified copy of the resolution, to the Authority. **The Town must also submit to the Council a proposed written schedule for the closing of the loan and grant.**

Please contact Jeff Brady at (304) 558-4607 if you have any questions.

Sincerely,

Jefferson E. Brady, P.E.
Executive Director

cc: Steve Collins, RUS
Vaughn, Coast & Vaughn, Inc.

Public Members

Ken Lowe, Shepherdstown • Dwight Calhoun, Petersburg • Tim Stranko, Morgantown • Dave McComas, Prichard

West Virginia Infrastructure & Jobs Development Council

Public Members:

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

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

Jeff Brady, PE
Executive Director

Jefferson.Brady@verizon.net

January 11, 2006

The Honorable Ed Fortney
Mayor, Town of Newburg
P.O. Box 40
Newburg, West Virginia 26410

Re: Town of Newburg
Water Project 2005W-883

Dear Mayor Fortney:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Town of Newburg's (the "Town") preliminary application regarding its proposed project to extend the water main from Taylor County Public Service District to the Town, construct a pump station, repaint the existing water tank and construct control valves at two locations (the "Project").

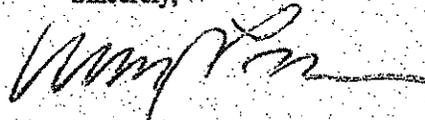
Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Town should carefully review the enclosed comments of the Water Technical Review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

Upon consideration of the preliminary application, the Infrastructure Council determined the Town should pursue a \$403,000 Rural Utilities Service grant to fund this \$896,000 project. Please contact the Rural Utilities Service office at 636-2158 for specific information on the steps the Town needs to follow to apply for these funds. Please note that this letter does not constitute funding approval from this agency.

The Infrastructure Council also determined the Town may be eligible for a \$164,000 Infrastructure Fund loan and a \$329,000 Infrastructure Fund grant pending final determination of the project's eligibility and readiness to proceed. This letter is not a commitment letter of Infrastructure Funds. The Project will be placed on the Infrastructure Council's pending list of projects.

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

Sincerely,



Mark Prince

Enclosure

cc: Pat Taylor, BPH (w/o enclosure)
Joseph Crickenberger, RUS
Region VI Planning & Development Council
Vaughn, Coast & Vaughn, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard
Ron Justice
Morgantown

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

December 12, 2007

The Honorable Ed Fortney
Mayor, Town of Newburg
P.O. Box 40
Newburg, West Virginia 26410

Re: Binding Commitment Letter
Town of Newburg Water Project
Project 2005W-883

Dear Mayor Fortney:

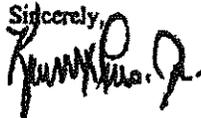
The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately \$176,000 (the "Loan") to the Town of Newburg (the "Town") for above referenced water project (the "Project"). This is an additional loan to complete the funding of this project as you previously received an Infrastructure Fund loan agreement for a \$346,000 loan and an Infrastructure Fund grant agreement for a \$147,000 grant. The Infrastructure Council has determined the Project to be technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the Town has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the Town's compliance with the program requirements. The Loan agreement will be between the Town and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the Infrastructure Council.

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

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

The Honorable Ed Fortney
December 12, 2007
Page 2

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

Sincerely,

Kenneth Lowe, Jr.

Attachments

cc: Bob DeCrease, BPH
Joseph Crickenberger, RUS
Region VI Planning & Development Council
Morgan Coast, Vaughn, Coast & Vaughn, Inc.

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

Town of Newburg

By: Edgar Fortney
Its: Mayor
Date: 12-14-07

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On this 5th day of August, 2008, 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 Newburg (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the entire original issue of \$522,000 principal amount of the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), issued as a single, fully registered Bond, numbered AR-1, and dated August 5, 2008.
2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by the Mayor and the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.
3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the sum of \$115,797, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council as acquisition and construction of the Project progresses.

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Dated as of the day and year first above written.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Barbara B Meadows
Its: Authorized Representative

THE TOWN OF NEWBURG

By: Edwin E. Strey
Its: Mayor

07.07.08
658210.00001

CH4934857.1

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

On this 5th day of August, 2008, there are delivered to you herewith:

- (1) Bond No. AR-1, constituting the entire original issue of The Town of Newburg Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the principal amount of \$522,000, dated August 5, 2008 (the "Bonds"), executed by the Mayor and the Recorder of The Town of Newburg (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on July 8, 2008, and a Supplemental Resolution duly adopted by the Issuer on July 29, 2008 (collectively, the "Bond Legislation");
- (2) A copy of the Bond Legislation authorizing the above-captioned Bond issue, duly certified by the Recorder of the Issuer;
- (3) Executed counterparts of the loan agreement dated August 5, 2008 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council; and
- (4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$115,797, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the date first written above.

THE TOWN OF NEWBURG

By: Edgar E. Fortney
Its: Mayor

07.07.08
658210.00001

CH4934822.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF NEWBURG
WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$522,000

KNOW ALL MEN BY THESE PRESENTS: That on this 5th day of August, 2008, THE TOWN OF NEWBURG, 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 TWO THOUSAND DOLLARS (\$522,000), 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 June 1, 2010, to and including June 1, 2048 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 5, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on July 8, 2008, and a Supplemental Resolution duly adopted by the Issuer on July 29, 2008 (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.

THE ISSUER HAS NO BONDS OR OBLIGATIONS OTHER THAN THIS BOND WHICH IS SECURED BY GROSS REVENUES OF THE SYSTEM.

This Bond is payable only from and secured by a pledge of the Gross 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 2008 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay 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 Gross Revenues, the monies in the Series 2008 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 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, and; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the registrar (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 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 have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

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IN WITNESS WHEREOF, THE TOWN OF NEWBURG has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Edmund E. Hickey

Mayor

SPECIMEN

ATTEST:

Mary J. [unclear]

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: August 5, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar


Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$115,797	August 5, 2008	(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

\$522,000

The Town of Newburg

40 Years from Closing Date; 0% Interest Rate

Closing Date: August 5, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
06/01/2010	3,412.00	-	3,412.00
09/01/2010	3,412.00	-	3,412.00
12/01/2010	3,412.00	-	3,412.00
03/01/2011	3,412.00	-	3,412.00
06/01/2011	3,412.00	-	3,412.00
09/01/2011	3,412.00	-	3,412.00
12/01/2011	3,412.00	-	3,412.00
03/01/2012	3,412.00	-	3,412.00
06/01/2012	3,412.00	-	3,412.00
09/01/2012	3,412.00	-	3,412.00
12/01/2012	3,412.00	-	3,412.00
03/01/2013	3,412.00	-	3,412.00
06/01/2013	3,412.00	-	3,412.00
09/01/2013	3,412.00	-	3,412.00
12/01/2013	3,412.00	-	3,412.00
03/01/2014	3,412.00	-	3,412.00
06/01/2014	3,412.00	-	3,412.00
09/01/2014	3,412.00	-	3,412.00
12/01/2014	3,412.00	-	3,412.00
03/01/2015	3,412.00	-	3,412.00
06/01/2015	3,412.00	-	3,412.00
09/01/2015	3,412.00	-	3,412.00
12/01/2015	3,412.00	-	3,412.00
03/01/2016	3,412.00	-	3,412.00
06/01/2016	3,412.00	-	3,412.00
09/01/2016	3,412.00	-	3,412.00
12/01/2016	3,412.00	-	3,412.00
03/01/2017	3,412.00	-	3,412.00
06/01/2017	3,412.00	-	3,412.00
09/01/2017	3,412.00	-	3,412.00
12/01/2017	3,412.00	-	3,412.00
03/01/2018	3,412.00	-	3,412.00
06/01/2018	3,412.00	-	3,412.00
09/01/2018	3,412.00	-	3,412.00
12/01/2018	3,412.00	-	3,412.00
03/01/2019	3,412.00	-	3,412.00
06/01/2019	3,412.00	-	3,412.00

IF 7-15-08 | SINGLE PURPOSE | 7/15/2008 | 3:32 PM

Raymond James & Associates, Inc.
West Virginia Public Finance

\$522,000

The Town of Newburg

40 Years from Closing Date; 0% Interest Rate

Closing Date: August 5, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+i
09/01/2019	3,412.00	-	3,412.00
12/01/2019	3,412.00	-	3,412.00
03/01/2020	3,412.00	-	3,412.00
06/01/2020	3,412.00	-	3,412.00
09/01/2020	3,412.00	-	3,412.00
12/01/2020	3,412.00	-	3,412.00
03/01/2021	3,412.00	-	3,412.00
06/01/2021	3,412.00	-	3,412.00
09/01/2021	3,412.00	-	3,412.00
12/01/2021	3,412.00	-	3,412.00
03/01/2022	3,412.00	-	3,412.00
06/01/2022	3,412.00	-	3,412.00
09/01/2022	3,412.00	-	3,412.00
12/01/2022	3,412.00	-	3,412.00
03/01/2023	3,412.00	-	3,412.00
06/01/2023	3,412.00	-	3,412.00
09/01/2023	3,412.00	-	3,412.00
12/01/2023	3,412.00	-	3,412.00
03/01/2024	3,412.00	-	3,412.00
06/01/2024	3,412.00	-	3,412.00
09/01/2024	3,412.00	-	3,412.00
12/01/2024	3,412.00	-	3,412.00
03/01/2025	3,412.00	-	3,412.00
06/01/2025	3,412.00	-	3,412.00
09/01/2025	3,412.00	-	3,412.00
12/01/2025	3,412.00	-	3,412.00
03/01/2026	3,412.00	-	3,412.00
06/01/2026	3,412.00	-	3,412.00
09/01/2026	3,412.00	-	3,412.00
12/01/2026	3,412.00	-	3,412.00
03/01/2027	3,412.00	-	3,412.00
06/01/2027	3,412.00	-	3,412.00
09/01/2027	3,412.00	-	3,412.00
12/01/2027	3,412.00	-	3,412.00
03/01/2028	3,412.00	-	3,412.00
06/01/2028	3,412.00	-	3,412.00
09/01/2028	3,412.00	-	3,412.00
12/01/2028	3,412.00	-	3,412.00
03/01/2029	3,412.00	-	3,412.00
06/01/2029	3,412.00	-	3,412.00
09/01/2029	3,412.00	-	3,412.00
12/01/2029	3,412.00	-	3,412.00
03/01/2030	3,412.00	-	3,412.00
06/01/2030	3,412.00	-	3,412.00

\$522,000

The Town of Newburg
40 Years from Closing Date; 0% Interest Rate
Closing Date: August 5, 2008

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+i
09/01/2030	3,412.00	-	3,412.00
12/01/2030	3,412.00	-	3,412.00
03/01/2031	3,412.00	-	3,412.00
06/01/2031	3,412.00	-	3,412.00
09/01/2031	3,412.00	-	3,412.00
12/01/2031	3,412.00	-	3,412.00
03/01/2032	3,412.00	-	3,412.00
06/01/2032	3,412.00	-	3,412.00
09/01/2032	3,412.00	-	3,412.00
12/01/2032	3,412.00	-	3,412.00
03/01/2033	3,412.00	-	3,412.00
06/01/2033	3,412.00	-	3,412.00
09/01/2033	3,412.00	-	3,412.00
12/01/2033	3,412.00	-	3,412.00
03/01/2034	3,412.00	-	3,412.00
06/01/2034	3,412.00	-	3,412.00
09/01/2034	3,412.00	-	3,412.00
12/01/2034	3,412.00	-	3,412.00
03/01/2035	3,412.00	-	3,412.00
06/01/2035	3,412.00	-	3,412.00
09/01/2035	3,412.00	-	3,412.00
12/01/2035	3,412.00	-	3,412.00
03/01/2036	3,412.00	-	3,412.00
06/01/2036	3,412.00	-	3,412.00
09/01/2036	3,412.00	-	3,412.00
12/01/2036	3,412.00	-	3,412.00
03/01/2037	3,412.00	-	3,412.00
06/01/2037	3,412.00	-	3,412.00
09/01/2037	3,412.00	-	3,412.00
12/01/2037	3,412.00	-	3,412.00
03/01/2038	3,412.00	-	3,412.00
06/01/2038	3,412.00	-	3,412.00
09/01/2038	3,412.00	-	3,412.00
12/01/2038	3,412.00	-	3,412.00
03/01/2039	3,412.00	-	3,412.00
06/01/2039	3,412.00	-	3,412.00
09/01/2039	3,411.00	-	3,411.00
12/01/2039	3,411.00	-	3,411.00
03/01/2040	3,411.00	-	3,411.00
06/01/2040	3,411.00	-	3,411.00
09/01/2040	3,411.00	-	3,411.00
12/01/2040	3,411.00	-	3,411.00
03/01/2041	3,411.00	-	3,411.00
06/01/2041	3,411.00	-	3,411.00

IF 7-15-08 | SINGLE PURPOSE | 7/15/2008 | 3:32 PM

Raymond James & Associates, Inc.
West Virginia Public Finance

\$522,000

The Town of Newburg
40 Years from Closing Date; 0% Interest Rate
Closing Date: August 5, 2008

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+i
09/01/2041	3,411.00	-	3,411.00
12/01/2041	3,411.00	-	3,411.00
03/01/2042	3,411.00	-	3,411.00
06/01/2042	3,411.00	-	3,411.00
09/01/2042	3,411.00	-	3,411.00
12/01/2042	3,411.00	-	3,411.00
03/01/2043	3,411.00	-	3,411.00
06/01/2043	3,411.00	-	3,411.00
09/01/2043	3,411.00	-	3,411.00
12/01/2043	3,411.00	-	3,411.00
03/01/2044	3,411.00	-	3,411.00
06/01/2044	3,411.00	-	3,411.00
09/01/2044	3,411.00	-	3,411.00
12/01/2044	3,411.00	-	3,411.00
03/01/2045	3,411.00	-	3,411.00
06/01/2045	3,411.00	-	3,411.00
09/01/2045	3,411.00	-	3,411.00
12/01/2045	3,411.00	-	3,411.00
03/01/2046	3,411.00	-	3,411.00
06/01/2046	3,411.00	-	3,411.00
09/01/2046	3,411.00	-	3,411.00
12/01/2046	3,411.00	-	3,411.00
03/01/2047	3,411.00	-	3,411.00
06/01/2047	3,411.00	-	3,411.00
09/01/2047	3,411.00	-	3,411.00
12/01/2047	3,411.00	-	3,411.00
03/01/2048	3,411.00	-	3,411.00
06/01/2048	3,411.00	-	3,411.00
Total	\$522,000.00	-	\$522,000.00

Yield Statistics

Bond Year Dollars	\$10,868.67
Average Life	20.821 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.01E-10
Bond Yield for Arbitrage Purposes	1.01E-10
All Inclusive Cost (AIC)	1.01E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.821 Years

IF 7-15-08 | SINGLE PURPOSE | 7/15/2008 | 3:32 PM

Raymond James & Associates, Inc.
West Virginia Public Finance

(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:



August 5, 2008

The Town of Newburg
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

The Town of Newburg
Newburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The Town of Newburg (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$522,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 5, 2008, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, to and including June 1, 2048, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public water 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 July 8, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 29, 2008 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

Sheila Kae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314

202 TUNNELTON STREET

Kingwood, West Virginia 26537

(304) 329-1173

(304) 329-1203 FAX

August 5, 2008

The Town of Newburg
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

The Town of Newburg
Newburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Step toe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to The Town of Newburg in Preston County, West Virginia (the "Issuer"), in connection with the above-captioned bond issue. As such counsel, I have examined copies of the approving opinion of Step toe & Johnson PLLC, as bond counsel, a loan agreement dated August 5, 2008, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a Bond Ordinance duly enacted by the Issuer on July 8, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 8, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 29, 2008 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

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

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

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

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

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, consents, registrations, certificates and authorizations required by law for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Bureau for Public Health, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of ordinances prescribing such rates and charges. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal.

6. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on June 12, 2008, which became final order on June 24, 2008, in Case No. 08-0124-W-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof. Such Order remains in full force and effect.

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

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

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

Very truly yours,

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

Sheila Kae Williams, Esquire

Sheila Kae Williams
ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET

Kingwood, West Virginia 26537

(304) 329-1173
(304) 329-1203 FAX

July 29, 2008

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

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

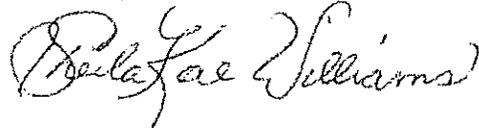
Dear Mr. Brady:

This law firm is counsel to the Town of Newburg (the "Issuer") in connection with a proposed project to construct certain improvements to its water system, including a waterline extension and water booster station for situate in Reno District, near Newburg, in Preston County, West Virginia (the "Project"). I am providing this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Bureau of Public Health ("BPH").
2. In accordance with information provided to the undersigned by the project engineer, the Issuer has obtained all necessary permits and approvals for the construction of the Project.
3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Vaughn, Coast and Vaughn, Inc., the consulting engineers for the Project.
4. I have examined the records on file in the Office of the Clerk of the County Commission of Preston County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest necessary in all required necessary site components for the Project, including easements and/or rights of way and pump station site, as set forth in the plans for the Project, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.
5. All easements and rights of way and deed for pump station site have been acquired by the Issuer and have been duly recorded in the Office of the Clerk of the County Commission of Preston

County to protect the legal title to and interest of the Issuer.

Very truly yours,

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

Sheila Kae Williams
Legal Counsel for the City of Kingwood

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

On this 5th day of August, 2008, we, the undersigned MAYOR and RECORDER of The Town of Newburg in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with The Town of Newburg Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2008 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Bond Ordinance of the Issuer duly enacted July 8, 2008, and the Supplemental Resolution duly adopted July 29, 2008 (collectively, the "Bond Legislation").

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

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

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

Upon issuance of the Series 2008 A Bonds, the Issuer will have no other outstanding debt secured by revenues 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

Public Service Commission Order

Infrastructure Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance

Minutes on Adoption and Enactment of Rate Ordinance

Affidavits of Publication of Rate Ordinance and Notice of Public Hearing

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

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

Evidence of Insurance

Bureau for Public Health Permit

West Virginia Infrastructure and Jobs Development Grant Agreement

United State Department of Agricultural Grant Agreement

Agreement with Taylor County Public Service District

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Edgar Fortney, Mayor	July 1, 2007	June 30, 2009
Mary Taylor, Recorder	July 1, 2007	June 30, 2009
Rhonda Myers	July 1, 2007	June 30, 2009
James Harris	July 1, 2007	June 30, 2009
Wanda Scheuch	July 1, 2007	June 30, 2009
James Weaver	July 1, 2007	June 30, 2009
vacant		

The duly appointed and acting Counsel to the Issuer is Sheila Williams, Esquire, of Kingwood, West Virginia.

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

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

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

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

11. RATES: The Issuer has duly enacted a water rate ordinance on March 4, 2008, setting forth the respective rates and charges for the services of the

System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal, and such rate ordinance is currently in effect.

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

13. BOND PROCEEDS: On the date hereof, the Issuer received \$115,797 from the Authority and the Council, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Preston County Journal, a newspaper published and of general circulation in The Town of Newburg, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on the 8th day of July 2008, at 7:00 p.m., at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia in Case No. 08-0124-W-CN entered on June 12, 2008 which became final order on June 24, 2008, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof. Such Order is in full force and effect.

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

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

18. GRANTS: On the date hereof, the grant from the Council in the amount of \$233,186 and a United States Department of Agricultural Grant of \$511,000 are in full force and effect.

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

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Edgar E. Fortney

Mayor

Mary Dayton

Recorder

Sheila Kae Williams

Counsel to Issuer

07.07.08
658210.00001

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

On this 5th day of August, 2008, Morgan Coast, Registered Professional Engineer, West Virginia License No. 008261, of Vaughn Coast & Vaughn, Inc., Consulting Engineers, in St. Clairsville, Ohio, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public water system (the "System") of The Town of Newburg (the "Issuer"), to be constructed primarily in Preston County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Series 2008 A Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on July 8, 2008, and the Supplemental Resolution adopted by the Issuer on July 29, 2008, and the loan agreement (the "Loan Agreement"), dated August 5, 2008 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council").

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

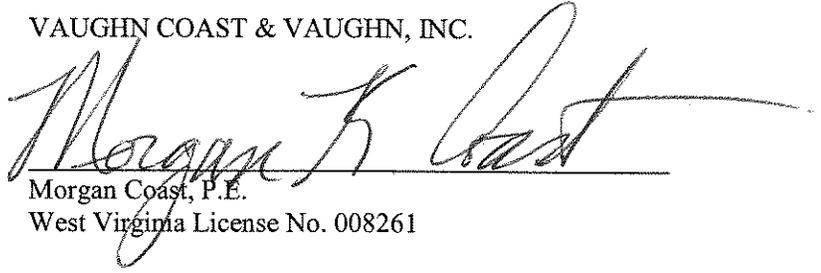
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in Schedule B, attached hereto as Exhibit A and the Issuer's counsel, Sheila Williams, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the

Council and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of Bennett and Dobbins, PLLC, as of the effective date thereof, the rates and charges for the System enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

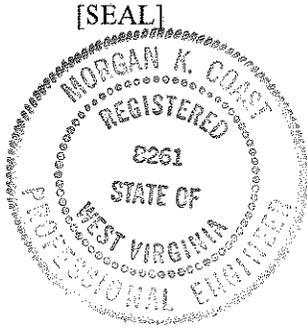
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WITNESS my signature and seal as of the date first written above.

VAUGHN COAST & VAUGHN, INC.



Morgan Coast, P.E.
West Virginia License No. 008261



07.07.08
658210.00001

EXHIBIT A

CH4934833.1

Town of Newburg

07/08/08

Schedule B

Newburg Water Improvement Project

Approved by Council Date

2005W-883

A. COST OF PROJECT	TOTAL	RUS GRANT	IJDC Grant/Loan
1. Construction	1,004,925	411,119	593,806
C-1 Distribution-Stongate Constr.	960,725	393,041	567,684
C-2 Water Storage-D&M Painting	44,200	18,078	26,122
2. Technical Services	153,220	52,065	101,155
Planning/Study/Report	20,000		20,000
Design	66,000	9,065	56,935
Inspection	60,220	41,350	18,870
Special Services	7,000	1,650	5,350
3. Legal & Fiscal			
a. Legal (Williams)	15,000	2,060	12,940
b. Rate Counsel	0		
c. Accounting (Bennett & Dobbs)	9,000		9,000
4. Administrative (RCAP)	0		0
5. Sites & Other Lands	6,000	1,370	4,630
6. Permits	9,761	5,691	4,070
7. Project Contingency	10,380	6,145	4,235
8. Construction Contingency	47,400	32,550	14,850
9. TOTAL (Lines 1 though 8)	1,255,686	511,000	744,686
B. SOURCES OF FUNDS			
10. Federal Grants (USDA)	511,000	511,000	
11. State Grants (IJDC)	147,000		147,000
12. Other Grants	0		
13. Additional IJDC Grant	86,186		86,186
14. TOTAL (Lines 10 through 13)	744,186	511,000	233,186
15. Net proceeds from Bond Issue (line 9 less line 14)	511,500	0	511,500
C. COST OF FINANCING			
16. Funded Reserves	0		
17. Other Costs	0		
a. Registrar Fees	500		500
b. Capitalized Interest	0	0	0
c. Bond Counsel	10,000	0	10,000
18 TOTAL (lines 16 through 17c)	10,500	0	10,500
19. Size of Bond Issue (line 15 + 18)	522,000	0	522,000

Edgar E. Torrey 7-8-08
City Date

Morgan K. Grant 7/8/08
Engineer Date



Bennett & Dobbins PLLC

CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604
Telephone: (304) 366-4295 Fax: (304) 366-4311

GARY K. BENNETT, MBA-CPA
ZACHARY D. DOBBINS, CPA

August 5, 2008

The Town of Newburg
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the water rate ordinance of The Town of Newburg (the "Issuer") enacted March 4, 2008, and the projected operating expenses and the anticipated customer usage as furnished to me by Vaughn Coast & Vaughn, Inc., it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system of the Issuer, will pay all operating expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof.

Very truly yours,

Bennett & Dobbins PLLC
Bennett & Dobbins PLLC

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 5th day of August, 2008, the undersigned Mayor of The Town of Newburg in Preston County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$522,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, dated August 5, 2008 (the "Bonds" or the "Series 2008 A Bonds"), hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on July 8, 2008, as supplemented by Supplemental Resolution duly enacted by the Issuer on July 29, 2008 (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 August 5, 2008, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Series 2008 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2008 A Bonds were sold on August 5, 2008, to the Authority, pursuant to a Loan Agreement dated August 5, 2008, by and among the Issuer, the Authority and the Council, for an aggregate purchase price of \$522,000 (100% of par), at which time, the Issuer received \$115,797 from the Authority and the Council, being the first advance of the principal amount of the Series 2008 A Bonds. No accrued interest has been or will be paid on the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2008 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public water system 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 at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before February 1, 2010. The acquisition and construction of the Project is expected to be completed by August 1, 2009.

8. The total cost of the Project is estimated at \$1,266,186. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2008 A Bonds	\$522,000
Infrastructure Council Grant	\$233,186
USDA Grant	<u>\$511,000</u>
Total Sources	<u>\$ 1,266,186</u>

USES

Costs of Project	\$1,255,686
Costs of Issuance	<u>\$10,500</u>
Total Uses	<u>\$1,266,186</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 2008 A Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2008 A Bonds Construction Trust Fund;
- (4) Series 2008 A Bonds Sinking Fund; and
- (5) Series 2008 A Bonds Reserve Account.

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

A. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2008 A Bonds Reserve Account.

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 A Bonds Construction Trust Fund and applied solely to payment of the Costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

C. 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 2008 A Bonds shall be expended as directed by the Council.

11. Moneys held in the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2008 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2008 A Bonds Sinking Fund and Series 2008 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

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

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

14. With the exception of the amount deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 18 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2008 A Bonds Reserve Account at the maximum amount of principal and interest, if any, 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 2008 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2008 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2008 A Bonds Reserve Account and the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common

plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

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

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

[Remainder of Page Intentionally Blank]

WITNESS my signature as of the date first written above.

THE TOWN OF NEWBURG

By: Edgar E. Fortney
Its: Mayor

07.07.08
658210.00001

CH4934762.1

Chapter 22. - An ACT to incorporate the town of Newburg

Passed February 12, 1868

Be it enacted by the Legislature of West Virginia:

1. That the inhabitants of so much of the county of Preston as are within the bounds hereinafter described, or may hereafter reside within said bounds, shall be and they are hereby made a body politic and corporate, by the name and style of "The Town of Newburg". The corporated limits and boundaries of the town of Newburg shall be as follows: Beginning at the western end of the town, at a maple tree near Capt. W. Paul's lot; thence east six hundred and ninety-four feet, to a poplar tree on the incline; thence south eighty feet, thence east two thousand four hundred feet to the road; thence south forty degrees east to a chestnut tree near the church; thence north thirty two degrees east seven hundred and seventy six feet to a rock on the west bank of Little Raccoon creek, near Mr. Sharo's; thence north thirty three degrees west one thousand one hundred and fifty four feet; thence south forty one degrees west two hundred and seventy four feet to the south eastern corner of Mr. Shoot's orchard; thence south eighty two degrees west two thousand one hundred and sixty seven feet to a stump; thence south fifty four degrees west to a milestone on the railroad, near the cut; thence south eleven degrees west to the place of beginning.

2. The municipal authorities of said town shall be a mayor, recorder and five councilman, who together shall form a common council.

3. The mayor, recorder and councilmen, so soon as they have been elected and qualified as hereinafter provided, shall be a body politic and corporate, by the name of "The Town of Newburg", and shall have perpetual succession and a common seal, and by that name may sue and be sued, inplead and be inpleaded, may purchase and hold real estate necessary to enable them the better to discharge their duties, and needful for the good order, government and welfare of said town.

4. All the corporate powers of said corporation shall be exercised by the said council, or under their authority, except where otherwise provided.

5. There shall be a town sergeant, a treasurer and commissioner of the revenue appointed by the council, to continue in office at it's pleasure, and perform the duties respectively as hereinafter prescribed, or as may be required by the council.

6. The duties of the office of recorder, treasurer and commissioner of the revenue may be discharged by the same person, or otherwise, as the council may from time to time determine.

7. The mayor, recorder and councilmen shall be elected by the citizens of said town who may be entitled to vote under this act, and (except when elected to fill vacancies) for the term of one year, and until their successors shall have been elected and qualified, and shall be residents in said town, and entitled to vote for members of its common council.

8. The first election under this act shall be on the third Saturday in April, eighteen hundred and sixty eight, at the house of John Berry, in said town, under the supervision of a justice of Lyon township; and annually thereafter there shall be an election on the same day in each year, at such place and under such supervision, rules and regulations as the council in said town may prescribe. The person conducting the first election shall grant certificates to the persons ~~elected~~, which shall be entered upon the records with the ordinances of said council, and their term of office shall commence on the first day of May next after their election.

9. All persons resident in said town, and entitled to vote for county and township officers, shall be entitled to vote for mayor, recorder and councilmen.

10. When a vacancy shall occur, from any cause, in the office of mayor, recorder, or in the council, the vacancies shall be filled by appointment by the council.

11. At all elections the vote shall be by ballot, and when two or more persons for the same office, at any election, shall receive an equal number of votes, the person or persons so conducting such an election shall decide which of said persons shall be returned elected. And all contested elections shall be heard and determined by the council for the time being.

12. The mayor, recorder, councilmen, sergeant, treasurer and commissioner of the revenue shall each, before entering upon the duties of his office, and within ten days after being furnished with a certificate of his election, take and subscribe the oath of loyalty prescribed for county and township officers, and that they will truly, faithfully and impartially discharge the duties of their said offices, respectively, to the best of their abilities, so long as they continue therein. The recorder shall take such oath or affirmation before a justice, or other officer authorized to administer oaths, and thereupon he shall administer the oaths aforesaid to the other officers and councilmen. Certificates of the said oaths or affirmations shall be filed with the recorder, and the fact of their administration be entered on the journal of the proceedings of the council.

13. When any four of the newly elected councilmen shall have been so qualified, they shall enter upon their said offices and supercede the former councilmen.

14. If any one elected mayor, recorder or councilman shall not have been eligible, or shall fail or refuse to take the oath or affirmation required under this act, within the ten days aforesaid, such office shall be declared vacant, and the vacancy filled as hereinbefore prescribed, but in all cases from among the citizens of the town eligible to such office or position under this act.

contagious diseases; to provide a revenue for the town, and appropriate the same, and to provide for the annual assessment of taxable persons and property of the town; to adopt rules for the transaction of business, and the government regulations of its own body, and protect the property, and preserve peace and good order therein; to keep a town guard, appoint such officers as they may deem proper, including a sergeant, commissioner of the revenue and treasurer; to define their powers, prescribe their duties, fix their term of service and compensation, require and take from them bonds, with such sureties, and in such penalty, as the council may determine, conditioned for the true and faithful discharge of their duties, and remove them at pleasure; (all bonds to be made payable to the town by its corporate name); to erect, or authorize or prohibit the erection of gas works or water works, in or near the town; to prevent injuries to or pollution of the same; for all which purposes named in this clause, except that of taxation, the council shall have jurisdiction for one mile beyond the borough; to regulate and provide for weighing and measuring of hay, coal, and other articles sold, or for sale, in said town, and to regulate the transportation thereof through the streets, and generally to do such things as the council shall deem necessary for the interest, prosperity, peace and good order of said town.

19. To carry into effect these enumerated powers, and all others conferred upon the said town or its council expressly, or by implication, in this or any other acts of the Legislature, the council have power to adopt and enforce all needful orders, by-laws and ordinances not contrary to the constitution and laws of this State, and to prescribe, impose and enforce reasonable fines and penalties, including imprisonment for a term not exceeding thirty days, under the judgment and order of the mayor of said town, or the person lawfully exercising his functions. The council, with the consent of the supervisors of Preston county, entered of record, may have the right to use the jail of said county for any purpose necessary in the administration of its affairs.

20. The annual levy ordered by the council may be upon all male persons within said town over twenty one years of age, dogs, hogs, and other animals, and on all real estate within said town which is not exempt from State taxation, and all such other subjects in said town as may at the time be assessed with State taxes; provided, that the tax do not exceed one dollar on every one hundred dollars of value of unimproved lots, and seventy five cents on every one hundred dollars of the value of real and personal property, or two dollars per head on each taxable person.

21. When anything for which a State license is required, is to be done within the said town, the town may require a town license to be had for doing the same, and may impose a tax thereon for the use of the town, and the council may, in any case, require from the person so licensed, a bond, with sureties in such penalty and with such conditions as it may determine.

22. The sergeant shall collect the town taxes, fines, levies and licenses, and after thirty days from the time he may receive the books of the commissioner of the revenue of said town, may distrain and sell thereof, in the manner as a sheriff may for State taxes, and shall in all respects have the same power as the sheriff to enforce the payment and collection thereof, and shall, within the corporate limits of the town, exercise all the duties that a constable can legally exercise in regard to the collection of claims, executing and levying process, and shall be entitled to the same compensation therefore, and he and his securities shall be liable to all the fines, penalties and forfeitures that a constable is legally liable to, for any failure or dereliction in said office, to be recovered in the same manner and before the same tribunals that the same are now recovered against constables.

23. There shall be a lien on real estate for the town taxes assessed thereon from the commencement of the year for which they are assessed, and the council may order and require the same to be sold or rented by the sergeant at public auction, for the arrears, with interest thereon, with such per centum as the council may

prescribe for charges and expenses thereof, and may regulate the terms upon and time within which the same may be recovered. No such sale or renting shall be ordered until such realty be returned delinquent, and the sale shall be after twenty days notice, posted at the court house door and the post office in said town.

24. The council may prohibit any theatrical or other performance, show or other exhibition, it may deem injurious to the morals or good order of the town.

25. The mayor shall be the chief executive officer of the town; shall take care that the by-laws, ordinances and orders of the council are faithfully executed; shall be ex officio, a conservator, and justice in the town, and shall, within the same, exercise all the powers and duties vested in justices, except that he shall have no jurisdiction in civil causes; shall have control of the police of the town, and may appoint special police officers; shall see that peace and good order are observed, and that persons and property are protected in the town; shall have power to issue executions for all fines and costs imposed by him, or may require the immediate payment thereof, and in default of such payment, may commit the party in default to the jail of the county, until the fine and costs be paid; but the term of imprisonment in such case shall not exceed thirty days. He shall, from time to time, recommend to the council such measures as he may deem needful to the welfare of the town, and shall receive a comensation for his services, to be paid by the council, which shall not be increased or diminished for the term which he was elected.

26. The recorder shall keep a journal of the proceedings of the council, and have charge of and preserve the records of the town; and shall receive a compensation for his services, to be fixed by the council, which shall not be increased or diminished for the term for which he was elected.

27. All moneys belonging to said town shall be paid over to the treasurer, who shall pay out the same upon the order of the mayor, countersigned by the recorder, and not otherwise; or for any default or liability upon the part of the treasurer or sergeant, the council, in the corporated name of said town, may on motion, after ten days notice, obtain judgment before the circuit court of said county, on account thereof, against them and their securities respectively, or any or either of them, or their heirs or legal representatives.

28. The said town, and taxable persons and property therein, shall be exempt from all expense or liability for the construction or repair of roads or bridges outside the corporate limits of said town.

**A RESOLUTION OF THE TOWN OF NEWBURG
BY THE NEWBURG TOWN COUNCIL**

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

WHEREAS, pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Town of Newburg 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:

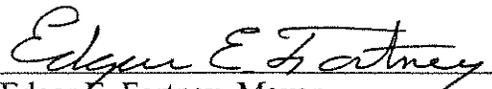
NOW, THEREFORE, BE IT RESOLVED;

1. Regular Meetings, A notice shall be posted and maintained by the Recorder at the front door or bulletin board of the Town Hall of the date, time and place fixed and entered of record by the 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 Recorder not less than three (3) business days before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

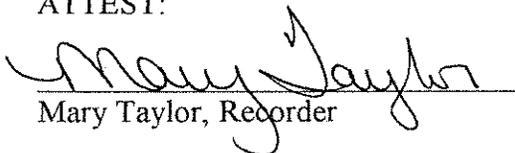
2. Special Meetings, A notice shall be posted by the Town Recorder at the front door or bulletin board of the Town Hall not less than two (2) business days before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting is to be held. If the 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.

BE IT FURTHER RESOLVED, these rules regarding notice of meetings shall replace any and all provisions heretofore adopted by Council

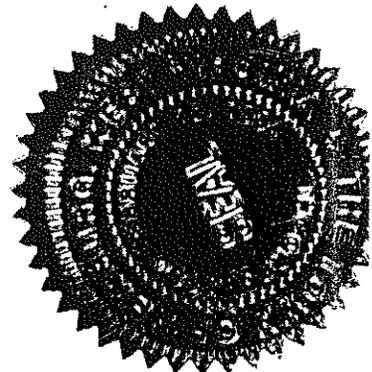
THIS RESOLUTION APPROVED AND ADOPTED by the Town Council of The Town of Newburg at a meeting on this 6th day of May, 2008


Edgar E. Fortney, Mayor

ATTEST:


Mary Taylor, Recorder

(Seal)



STATE OF WEST VIRGINIA, PRESTON CO.SS:

I Edgar Fortney, DO

SOLEMNLY SWEAR THAT I SUPPORT THE

CONSTITUTION OF THIS STATE AND THAT

I WILL FAITHFULLY DISCHARGE THE

DUTIES OF MY OFFICE OF Mayor for

The Town of Newburg OF PRESTON COUNTY,

FOR THE 2 YEAR TERM COMMENCING

ON THE 1 DAY OF July 2007.

(Sign here) Edgar Fortney

Subscribed and sworn before the undersigned this
1 day of July 2007.

Mary Dantz

STATE OF WEST VIRGINIA, PRESTON CO.SS:

I Mary Taylor, DO

SOLEMNLY SWEAR THAT I SUPPORT THE

CONSTITUTION OF THIS STATE AND THAT

I WILL FAITHFULLY DISCHARGE THE

DUTIES OF MY OFFICE OF Recorder for

The Town of Newburg OF PRESTON COUNTY,

FOR THE 2 YEAR TERM COMMENCING

ON THE 1 DAY OF July 2007.

(Sign here) Mary Taylor

Subscribed and sworn before the undersigned this
1 day of July 2007.

Edgar Tortuz

STATE OF WEST VIRGINIA, PRESTON CO.SS:

I Rhonda Myers, DO

SOLEMNLY SWEAR THAT I SUPPORT THE

CONSTITUTION OF THIS STATE AND THAT

I WILL FAITHFULLY DISCHARGE THE

DUTIES OF MY OFFICE OF Council for

The Town of Newburg OF PRESTON COUNTY,

FOR THE 2 YEAR TERM COMMENCING

ON THE 1 DAY OF July 2007.

(Sign here) Rhonda Myers

Subscribed and sworn before the undersigned this
1 day of July 2007.

Mary Jay

STATE OF WEST VIRGINIA, PRESTON CO.SS:

I James Harris, DO

SOLEMNLY SWEAR THAT I SUPPORT THE

CONSTITUTION OF THIS STATE AND THAT

I WILL FAITHFULLY DISCHARGE THE

DUTIES OF MY OFFICE OF Council for

The Town of Newburg OF PRESTON COUNTY,

FOR THE 2 YEAR TERM COMMENCING

ON THE 1 DAY OF July 2007.

(Sign here) James Harris

Subscribed and sworn before the undersigned this
1 day of July 2007.

Mary Jay

STATE OF WEST VIRGINIA, PRESTON CO.SS:

I Wanda Scheuch, DO

SOLEMNLY SWEAR THAT I SUPPORT THE

CONSTITUTION OF THIS STATE AND THAT

I WILL FAITHFULLY DISCHARGE THE

DUTIES OF MY OFFICE OF Council for

The Town of Newburg OF PRESTON COUNTY,

FOR THE 2 YEAR TERM COMMENCING

ON THE 1 DAY OF July 2007.

(Sign here) Wanda L. Scheuch

Subscribed and sworn before the undersigned this
1 day of July 2007.

Mary Jay

STATE OF WEST VIRGINIA, PRESTON CO.SS:

I James Weaver, DO

SOLEMNLY SWEAR THAT I SUPPORT THE

CONSTITUTION OF THIS STATE AND THAT

I WILL FAITHFULLY DISCHARGE THE

DUTIES OF MY OFFICE OF Council for

The Town of Newburg OF PRESTON COUNTY,

FOR THE 2 YEAR TERM COMMENCING

ON THE 1 DAY OF July 2007.

(Sign here) James Weaver

Subscribed and sworn before the undersigned this
1 day of July 2007.

Mary Jones

STATE OF WEST VIRGINIA, PRESTON CO.SS:

I Bonnie Nelson _____, DO

SOLEMNLY SWEAR THAT I SUPPORT THE

CONSTITUTION OF THIS STATE AND THAT

I WILL FAITHFULLY DISCHARGE THE

DUTIES OF MY OFFICE OF Council Person _____ for

The Town of Newburg OF PRESTON COUNTY,

FOR THE 2 _____ YEAR TERM COMMENCING

ON THE 23rd _____ DAY OF May _____ 2007.

(Sign here) Bonnie Nelson _____

Subscribed and sworn before the undersigned this
23 _____ day of May 2008.

Mary Jay _____

AN AMENDMENT TO AND RE-ENACTMENT OF AN ORDINANCE
 ESTABLISHING AND FIXING A NEW ORDINANCE SETTING
 FORTH NEW WATER RATES, VACATING AND VOIDING A PRIOR
 ORDINANCE WHICH SET FORTH WATER RATES AND ALL OTHER RATES
 CHARGED BY THE WATER SYSTEM, ALL SUCH RATES FOR SERVICE TO
 CUSTOMERS OF THE WATER SYSTEM OF THE MUNICIPALITY OF
 NEWBURG, WEST VIRGINIA

WHEREAS, by the adoption of the prior Ordinance of similar title, the water rates and other rates charged by the water system for the Municipality of Newburg were fixed and set within said Ordinance;

NOW, THEREFORE, THE TOWN COUNCIL OF THE MUNICIPALITY OF NEWBURG HEREBY ORDAINS: The following schedule of water rates is hereby fixed and determined as the water rates to be charged to customers of the water system of the Municipality of Newburg and does adopt these rates as set forth herein, and by adoption hereof, sets forth rates to be charged to customers of the waterworks system of the Town of Newburg throughout the territory served:

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and resale water service.

RATES

Town of Newburg direct sales:

<u>Number of Gallons/Month</u>	<u>Rate</u>
First 2,000 gallons	\$7.06 per 1000 gallons
All over 2,000 gallons	\$7.06 per 1000 gallons

MINIMUM MONTHLY BILL

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

5/8 x 3/4 inch meter	\$ 14.12 per month
3/4 inch meter	\$ 21.18 per month
1 inch meter	\$ 35.30 per month
1 1/2 inch meter	\$ 70.60 per month
2 inch meter	\$ 112.96 per month
3 inch meter	\$ 211.80 per month
4 inch meter	\$ 353.00 per month

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 COMMISSION
 SECRETARY'S OFFICE

6 inch meter	\$ 706.00 per month
8 inch meter	\$1,129.60 per month

The minimum monthly bill shall be \$14.12 per month for 2,000.00 gallons.

DELAYED PAYMENT PENALTY

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

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

LEAK ADJUSTMENT INCREMENT

\$4.89 per 1,000 gallons. To be used when the 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 such unusual consumption above the customer's historical average usage.

CONNECTION CHARGE

A charge of \$100.00 will be made for every new subscriber requiring a new connection for all size meters and connections paid prior to construction.

A charge of \$250.00 will be made for every new subscriber requiring a new connection for all size meters and connections after completion of construction.

RECONNECTION SERVICE CHARGE

There shall be a Reconnection Charge of \$25.00, which shall be paid prior to restoration of water service previously disconnected for non-payment of water charges or for other disconnected lines.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$20.00.

SECTION 2. EFFECTIVE DATE

The rates, charges and delayed payment penalty provided herein shall become effective upon completion of the construction project and the beginning of the purchase of water from the Taylor County Public Service District.

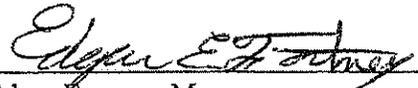
SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the

effective date hereof, all ordinances, resolutions, order or parts thereof in conflict with the provisions of this Ordinance are, to the extend of such conflicts, hereby repealed.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in a qualified newspaper of general circulation in the Town of Newburg, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before the Council at the Newburg Town Hall, Newburg, West Virginia, on the 4th day of March, 2008, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Clerk, Newburg, West Virginia, during regular office hours.



Edgar Fortney, Mayor

First Reading: February 5, 2008

Second Reading: March 4, 2008

**COUNCIL WATER MEETING
MARCH 4, 2008**

**PRESENT: MELANIE GOFF, RHONDA MYERS, EDGAR FORTNEY, JAMES
WEAVER, WANDA SCHEUCH, KEN YOST, DAN PAULEY.**

MEETING CALLED TO ORDER.

**MOTION MADE BY JAMES WEAVER, 2ND BY WANDA SCHEUCH TO ACCEPT
MINUTES AND FINANCIAL REPORT. PASSED 3-0.**

**PUBLIC MEETING HELD PRIOR TO 2ND READING OF ORDINANCE FOR NEW
WATER RATES.**

✓ **RESOLUTION TO ADOPT 2ND READING OF ORDINANCE FOR NEW WATER
RATES.**

**MOTION MADE BY RHONDA MYERS, 2ND BY JAMES WEAVER TO ADOPT 2ND
READING OF ORDINANCE. PASSED 3-0.**

**COUNCIL DISCUSSED TAKING CUSTOMERS WITH OUTSTANDING BALANCES
TO MAGISTRATE COURT.**

**MOTION MADE BY JAMES WEAVER, 2ND BY RHONDA MYERS TO HIRE
VAUGHN, COAST, AND VAUGHN FOR ENGINEERING SERVICES FOR
FELLOWSVILLE PROJECT. PASSED 3-0.**

**MOTION MADE BY WANDS SCHEUCH, 2ND BY RHONDA MYERS TO SIGN
ENGINEERING AGREEMENT. PASSED 3-0.**

**MOTION MADE BY RHONDA MYERS, 2ND BY JAMES WEAVER TO APPROVE
BUDGET FOR SMALL CITIES BLOCK GRANT. PASSED 3-0.**

**MOTION MADE BY JAMES WEAVER, 2ND BY RHONDA MYERS TO ADJOURN
MEETING. PASSED 3-0.**

**COUNCIL WATER MEETING
FEBRUARY 5, 2008**

**PRESENT: Rhonda Myers, Edgar Fortney, Melanie Goff, Wanda Scheuch, James Harris,
James Weaver, Steve Moran.**

Meeting called to order.

First reading of Amendment for new ordinance fixing water rates read.

✓ **Motion made by Rhonda Myers, 2nd by James Weaver to accept first reading of
amendment. Passed 4-0.**

Ken Yost presented to council a Resolution for a Drug Free Environment.

Motion made by James Weaver, 2nd by Wanda Scheuch to pass resolution. Passed 4-0.

Each employee will need to sign Employ Drug Awareness Certificate Form.

**Motion made by Rhonda Myers, 2nd by James Weaver to accept financial report and
minutes. Passed 4-0.**

Motion made by Wanda Scheuch, 2nd by James Weaver to adjourn meeting. Passed 4-0.

LEGAL NOTICE

AN AMENDMENT TO AND RE-ENACTMENT OF AN ORDINANCE ESTABLISHING AND FIXING A NEW ORDINANCE SETTING FORTH NEW WATER RATES, VACATING AND VOIDING A PRIOR ORDINANCE WHICH SET FORTH WATER RATES AND ALL OTHER RATES CHARGED BY THE WATER SYSTEM, ALL SUCH RATES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE MUNICIPALITY OF NEWBURG, WEST VIRGINIA

WHEREAS, by the adoption of the prior Ordinance of similar title, the water rates and other rates charged by the water system for the Municipality of Newburg were fixed and set within said Ordinance;

NOW, THEREFORE, THE TOWN COUNCIL OF THE MUNICIPALITY OF NEWBURG HEREBY ORDAINS: The following schedule of water rates is hereby fixed and determined as the water rates to be charged to customers of the water system of the Municipality of Newburg and does adopt these rates as set forth herein, and by adoption hereof, sets forth rates to be charged to customers of the waterworks system of the Town of Newburg throughout the territory served:

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and resale water service.

RATES

Town of Newburg direct sales:

Number of Gallons/Month	Rate
First 2,000 gallons	\$7.06 per 1000 gallons
All over 2,000 gallons	\$7.06 per 1000 gallons

MINIMUM MONTHLY BILL

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

5/8 x 3/4 inch meter	\$14.12 per month
3/4 inch meter	\$21.18 per month
1 inch meter	\$35.30 per month
1 1/2 inch meter	\$70.60 per month
2 inch meter	\$112.96 per month
3 inch meter	\$211.80 per month
4 inch meter	\$353.00 per month
6 inch meter	\$706.00 per month
8 inch meter	\$1,229.60 per month

The minimum monthly bill shall be \$14.12 per month for 2,000 gallons.

DELAYED PAYMENT PENALTY

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

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

LEAK ADJUSTMENT INCREMENT

\$4.89 per 1,000 gallons. To be used when the 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 such unusual consumption above the customer's historical average usage.

CONNECTION CHARGE

A charge of \$100.00 will be made for every new subscriber requiring a new connection for all size meters and connections paid prior to construction.

A charge of \$250.00 will be made for every new subscriber requiring a new connection for all size meters and connections after completion of construction.

RECONNECTION SERVICE CHARGE

There shall be a Reconnection Charge of \$25.00, which shall be paid prior to restoration of water service previously disconnected for non-payment of water charges or for other disconnected lines.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$20.00.

SECTION 2. EFFECTIVE DATE

The rates, charges and delayed payment penalty provided herein shall become effective upon completion of the construction project and the beginning of the purchase of water from the Taylor County Public Service District.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, order or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in a qualified newspaper of general circulation in the Town of Newburg, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before the Council at the Newburg Town Hall, Newburg, West Virginia, on the 4th day of March, 2008, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Clerk, Newburg, West Virginia, during regular office hours.

CERTIFICATION AND NOTICE

The foregoing Ordinance was introduced and adopted on first reading at a meeting of the Council held on February 5, 2008. Any person interested may appear before the Council of the Town of Newburg, at the Newburg Town Hall, Newburg, West Virginia, on the 4th day of March, 2008, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard with respect thereto. Following such public hearing, the Council will then take such action as it shall deem proper. The proposed Ordinance may be inspected by the public at the office of the Town Clerk, Newburg, West Virginia.

Edgar Fortney, Mayor
2/9,16

Sheila Kae Williams
ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET

Kingwood, West Virginia 26537

(304) 329-1173
(304) 329-1203 FAX

March 5, 2008

2008 MAR 10 AM 8 06
RECEIVED
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Preston Publications
Main Street
Kingwood, WV 26537

Re: Request for News Release

Dear Editor:

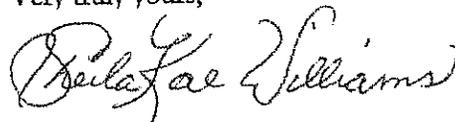
The Municipality of Newburg, Preston County, West Virginia, has recently adopted an Ordinance which increased water rates within the Municipality of Newburg and the surrounding service area. In order to effect the application of these rates, the West Virginia Code and the Public Service Commission of West Virginia (PSC) require certain procedures to be followed, including the publication of certain legal notices, posting of notice, and public hearings. As one of the specific requirements of the PSC, the Municipality is required to give adequate notice to the water users of the increase in rates for water usage. In order to meet this requirement, the Town is required to publish notice of said rate change as a Class II Legal Advertisement that conforms with a specific form and such publication must occur within five (5) days of the adoption of the Ordinance or as approved by PSC. We have on this date provided to you with the Class II Legal Advertisement with the request for publication in the Preston County News.

The second requirement for notification to the users is that a press release is to be published announcing the adoption of the proposed rate change which news release is to contain the substance of the information set forth in the Legal Advertisement. This is a requirement of the PSC Procedural Rule §150-10-2, et seq, and is required to be followed prior to the Town being permitted to effect the rate change. The rate change is necessary for the Town of Newburg and its Water Board to continue operating appropriately.

The Town of Newburg does kindly request of the Preston Publications that you comply with the requirements of PSC and write and publish a news release in your next publication which news release would essentially set forth the content of the attached legal advertisement.

Your kind attention to this request is appreciated by the Town of Newburg and its water users.

Very truly yours,



Sheila Kae Williams
Legal Counsel

SKW/tls
xc: Public Service Commission of
West Virginia

Certificate of Publication

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

Town of Newburg - Water Rates

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 2/20/08

and expiring with its issue of 2/27/08

And, I do further certify that on 2/27/08

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



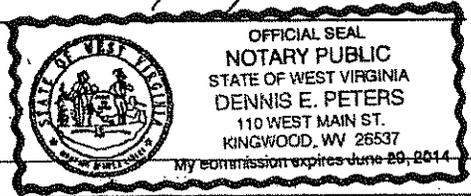
ADVERTISING MANAGER

Subscribed and sworn to before me this the 27th day of February, 20 08



NOTARY PUBLIC

My commission expires 6/29/2014



SECRETARY'S OFFICE

COMMISSIONER OF VA PUBLIC SERVICE

RECEIVED
2008 FEB 10 PM 8 06

RECEIVED

Received of Kingwood, WV

Amount for publishing notice hereto \$ _____

ADVERTISING MANAGER

LEGAL NOTICE

AN AMENDMENT TO AND RE-ENACTMENT OF AN ORDINANCE ESTABLISHING AND FIXING A NEW ORDINANCE SETTING FORTH NEW WATER RATES, VACATING AND VOIDING A PRIOR ORDINANCE WHICH SET FORTH WATER RATES AND ALL OTHER RATES CHARGED BY THE WATER SYSTEM, ALL SUCH RATES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE MUNICIPALITY OF NEWBURG, WEST VIRGINIA

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SECTION 2. EFFECTIVE DATE

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SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, order or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed.

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Edgar Fortney, Mayor

2/20/27

Certificate of Publication

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

Change in Water Rates - Town of Newburg

has been published for Two successive weeks in said newspaper, beginning with its issue of 3/8/08

and expiring with the issue of 3/12/08

And, I do further certify that on 3/12/08

Carol Peters

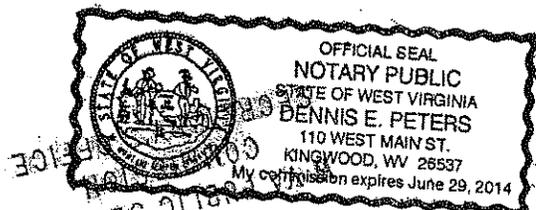
ADVERTISING MANAGER

Sworn to and subscribed before me this the 14th day of March, 2008

Dennis E. Peters

NOTARY PUBLIC

My commission expires 6/29/2014



RECEIVED
2008 APR 14 PM 8 57
PUBLIC SERVICE

LEGAL NOTICE

PUBLIC NOTICE OF CHANGE IN WATER RATES BY TOWN OF NEWBURG

Notice is hereby given that the Town of Newburg, a municipal utility, has adopted by ordinance on March 4, 2008, a tariff containing increased rates, tolls and charges for furnishing water service to the 202 current customers of the Town of Newburg water system and to the prospective 47 new customers of the Town of Newburg water system, all of which is situate in Preston County, West Virginia.

The proposed increased rates and charges will become effective upon the completion of the construction project and the purchasing of water from the Taylor County Public Service District, unless otherwise ordered by the Public Service Commission ("the Commission") and will produce approximately \$69,708.50 annually in additional revenue, an overall increase of 60%. The average monthly bill for the various classes of customers will be changed as follows:

	<u>(\$)</u> INCREASE	INCREASE (%)
<u>Residential</u>	\$5.74	37%
<u>Commercial</u>	N/A	N/A
<u>Industrial</u>	N/A	N/A
<u>Resale</u>	N/A	N/A
<u>Other</u>	N/A	N/A

The increase shown is based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

- (1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than 25% of the customers served by the Town of Newburg;
- (2) Any customer who is served by the Town of Newburg and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or
- (3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the Town of Newburg. Said petition shall be accompanied by evidence of discrimination.

All Petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates is available for public inspection at the Newburg Town Hall, Newburg, West Virginia.

A copy of the proposed rates is available for public inspection at the office of the Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

Certificate of Publication

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

Change in Water Rates- Town of Newburg a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 3/12/08 and expiring with its issue of 3/19/08

And, I do further certify that on 3/19/08

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

Carol Peters

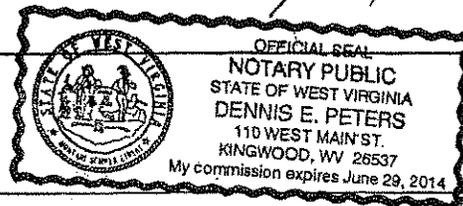
ADVERTISING MANAGER

Subscribed and sworn to before me this the 14th day of March, 2008

Dennis E. Peters

NOTARY PUBLIC

My commission expires 6/29/2014



SECRETARY'S OFFICE

COMMISSION

Kingwood, WV

RECEIVED

2008 APR 14 AM 8 57

Amount for publishing notice hereto \$ _____

RECEIVED

ADVERTISING MANAGER

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- (2) Any customer who is served by the Town of Newburg and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or
- (3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the Town of Newburg. Said petition shall be accompanied by evidence of discrimination.

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3/12,19

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

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

The undersigned RECORDER of The Town of Newburg of hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Council:

The Council of The Town of Newburg met in special session, pursuant to notice duly posted, on the 29th day of July, 2008, in Preston County, West Virginia, at the hour of 6:00 p.m.

PRESENT:

Edgar Fortney	Mayor
Mary Taylor	Recorder
Bonnie Nelson	Councilmember
James Weaver	Councilmember
Wanda Scheuch	Councilmember
Rhonda Myers	Councilmember
James Harris	Councilmember

Edgar Fortney, Mayor, presided, and Mary Taylor, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF NEWBURG RATIFYING AND

APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING A BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Rhonda Myers and seconded by Bonnie Nelson 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 Wanda Scheuch and seconded by Bonnie Nelson, 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 Rhonda Myers and seconded by Bonnie Nelson, it was unanimously ordered that the said Sweep Resolution be adopted.

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 Newburg 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 5th day of August, 2008.


Recorder

07.23.08
658210.00001

CH4952236.1

Town of Newburg
Council Meeting Minutes
July 8, 2008

Present: Edgar Fortney, Mayor
Mary Taylor, Recorder, Clerk
Bonnie Nelson, Council
Rhonda Myers, Council
Wanda Scheuch, Council
James Harris, Council
James Weaver, Council
Dan Puuley, WVRCAP
Nettie Harper, WVRCAP
Steve Collins, RUS
Randy Plum, RUS
Sheila Williams, Attorney

Mayor called meeting to order
Review and approval of last meeting's Minutes

Discussions

WVRCAP

RUS

Steve Collins gave discussion about forms and minutes, Motion to accept forms and minutes, showing the adoption, made by Bonnie Nelson, 2nd by Rhonda Myers, Passed 5-0

Form RD 1940-1

RUS Bulletin 1780-12

RUS Bulletin 1780-27

Form RD 400-1

Form 400-4

Form AD 1047

Form AD 1049

Form RD 1910-11

RD Instruction 1940-Q

Fellowsville Project: Resolution authorizing to submit a Small Cities Block Grant, Motion to accept by Wanda, 2nd by James H. Passed 5-0

Discussion on approving the Project Budget: Motion to approve budget made by Rhonda M, 2nd by Wanda S. Passed 5-0

Mayor ask for motion to close meeting, Motion made by James H. 2nd by Rhonda M. Passed 5-0 Meeting adjourned.

**TOWN OF NEWBURG
MINUTES JUNE 3,2008**

**ATTENDING: EDGAR FORTNEY, MARY TAYLOR,
JAMES WEAVER, JAMES HARRIS, RHONDA MYERS,
WANDA SCHEUCH, BONNIE NELSON, STEVE MORAN,
DAN PAULEY, KEN YOST, EILEEN HARRIS, DAVID
BOLYARD**

**EDGAR HAS NOT CALLED THE SURVEYER AS OF YET.
HE IS CONTACTING BROCKWELL FROM PHILLIPI.**

**MINUTES AND FINANCIAL REPORT READ, MOTION
MADE TO ACCEPT MADE BY WANDA, 2ND BY RHONDA,
PASSED 4-0**

**2ND READING ON RESOLUTION FOR BOND ORDINANCE,
MOTION TO READ BY TITLE ONLY MADE BY BONNIE,
2ND BY RHONDA, PASSED 4-0**

**MOTION TO APPROVE FINANCIAL BOND ORDINANCE
2ND READING IN ORDER TO FINANCE WASTE
IMPROVEMENT PROJECT. MOTION MADE BY
RHONDA, 2ND BY WANDA. PASSED 4-0**

**MOTION MADE TO APPROVE BOND ORDINANCE AS
READ BY TITLE ONLY 1ST, JAMES HARRIS, 2ND BONNIE
NELSON MOTION CARRIED 4-0**

**COUNCIL AND MAYOR RECEIVED PICTURES OF
HOUSE THAT CAUGHT FIRE ON CHURCH STREET,
PICTURES WERE SENT BY MICHAEL AND LAWREN
GOUGHENOUR. THEY WERE ASKING WHAT THE
TOWN COULD DO ABOUT THE HOUSE AND DEBRE.**

**MOTION TO CLOSE MEETING MADE BY JIM W, 2ND BY
JIM H PASSED 4-0**

**COUNCIL WATER MEETING
MAY 6, 2008**

**PRESENT: WANDA SCHEUCH, RHONDA MYERS, EDGAR FORTNEY, JAMES HARRIS
JAMES WEAVER, STEVE MORAN, MELANIE GOFF, DAN PAULEY, KEN
YOST.**

ADDT'L

PRESENT: MARY TAYLOR, RICHARD NESTOR, EILEEN HARRIS, DAVID BOLYARD.

MEETING CALLED TO ORDER.

**DAVID BOLYARD STATED THAT HE DOES NOT NEED WRITTEN ESTIMATE FOR
WATER SERVICES AT THIS POINT IN TIME.**

PUBLIC MEETING CALLED TO ORDER.

**MAYOR FORTNEY GAVE PUBLIC OPPORTUNITY TO SPEAK IN REGARDS TO
RESUBMITTANCE OF SCBG APPLICATION FOR \$800,000.**

NO RESPONSE.

MEETING CLOSED.

**MOTION MADE BY JAMES WEAVER, 2ND BY WANDA SCHEUCH TO APPROVE
AMENDED WATER PURCHASE AGREEMENT BY PSC. MOTION PASSED 4-0.**

**MOTION MADE BY RHONDA MYERS, 2ND BY WANDA SCHEUCH TO ADOPT
RESOLUTION FOR OPEN GOVERNMENTAL RULES. MOTION PASSED 4-0.**

**MOTION MADE BY JAMES WEAVER, 2ND BY RHONDA MYERS TO ACCEPT
RESOLUTION OF CERTIFICATION OF MANAGEMENT. MOTION PASSED 4-0.**

**MOTION MADE BY WANDA SCHEUCH, 2ND BY RHONDA MYERS TO ADOPT
RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A DEPOSITORY ACCOUNT
FOR THE RECEIPTS AND DISBURSMENTS OF SMALL CITIES BLOCK GRANT FUNDS
FOR THE EXTENSION OF WATER IMPROVEMENTS TO THE FELLOWSVILLE
PRESTON COUNTY AND SURROUNDING AREAS AND THREE-DAY RULE. MOTION
PASSED 4-0.**

**MOTION MADE BY JAMES WEAVER, 2ND BY RHONDA MYERS TO ADOPT
RESOLUTION FOR SMALL CITIES BLOCK GRANT, THREE DAY RULE COMPLIANCE
POLICY, DETERMINATION OF COST ALLOWABILITY, ALLOCABILITY, AND
REASONABLENESS. MOTION PASSED 4-0.**

**MOTION MARY BY WANDA SCHEUCH, 2ND BY JAMES WEAVER TO AUTHORIZE
MAYOR AND RECORDER TO SIGN RESOLUTION AUTHORIZING THE
ESTABLISHMENT OF PROCUREMENT STANDARDS FOR FEDERALLY FUNDED
PROJECTS. MOTION PASSED 4-0.**

WATER BOARD HIRED RCAP FOR PROJECT MANAGERS FOR FELLOWSVILLE PROJECT.

MOTION MADE BY WANDA SCHEUCH, 2ND BY JAMES WEAVER TO ACCEPT BOND ORDINANCE. MOTION PASSED 4-0.

MOTION MADE BY JAMES WEAVER, 2ND BY JAMES HARRIS TO ACCEPT MINUTES AND FINANCIAL REPORT. MOTION PASSED 4-0.

MOTION MADE BY RHONDA MYERS, 2ND BY WANDA SCHEUCH TO ADJOURN MEETING. MOTION PASSED 4-0.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The Town of Newburg 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 5th day of August, 2008.


Recorder

07.23.08
658210.00001

CH4952236.1

Certificate of Publication

LEGAL NOTICE
NOTICE OF PUBLIC HEARING ON
TOWN OF NEWBURG BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Newburg (the "Town") to be held on Tuesday, July 8, 2008, at 7:00 p.m. at the Town Hall, Newburg, 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:

THE TOWN OF NEWBURG

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATER SYSTEM OF THE TOWN OF NEWBURG AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$800,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide financing of the costs of acquisition and construction of improvements to the existing water system by the Town of Newburg and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the water system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Newburg on June 3, 2008. 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.

Edgar Fortney,
Mayor
6/21/28

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

Public Hearing Town of Newburg

has been published for Two successive weeks in said newspaper, beginning with its issue of 6/21/08

and expiring with the issue of 6/21/08

and, I do further certify that on

Carol Peters

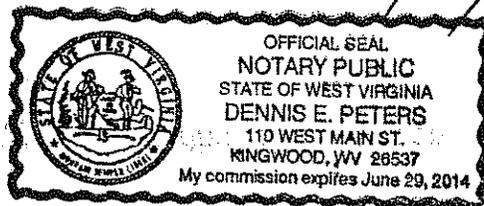
ADVERTISING MANAGER

born to and subscribed before me this the 14 day of June, 2008

Dennis E. Peters

NOTARY PUBLIC

My commission expires 6/29/2014



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

NEW ISSUE REPORT FORM

Date of Report: 5-Aug-08

ISSUE: <u>The Town of Newburg</u> <u>Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)</u>	
ADDRESS: <u>Post Office Box 40, Newburg West Virginia 26410</u>	COUNTY: <u>Preston</u>
PURPOSE OF ISSUE: New Money: <u>x</u> Refunding: _____	
ISSUE DATE: <u>5-Aug-08</u>	REFUNDS ISSUE(S) DATED: <u>NA</u>
ISSUE AMOUNT: <u>\$522,000</u>	CLOSING DATE: <u>5-Aug-08</u>
1ST DEBT SERVICE DUE: <u>1-Jun-10</u>	RATE: <u>0%</u>
1ST DEBT SERVICE AMOUNT: <u>\$3,412</u>	1ST PRINCIPAL DUE: <u>1-Jun-10</u>
	PAYING AGENT: <u>Municipal Bond Commission</u>
BOND COUNSEL: Firm: <u>Steptoe & Johnson PLLC</u> Contact: <u>John Stump, Esquire</u> Phone: <u>(304) 353.8196</u>	
UNDERWRITERS COUNSEL: Firm: <u>Jackson Kelly, PLLC</u> Contact: <u>Samme Gee, Esquire</u> Phone: <u>(304) 340-1318</u>	
CLOSING BANK: Bank: <u>Clear Mountain Bank</u> Contact: <u>Kimberly Abbey</u> Phone: <u>304.329.2265</u>	
ESCROW TRUSTEE: Firm: _____ Contact: _____ Phone: _____	
KNOWLEDGEABLE ISSUER CONTACT: Contact: <u>Ed Fortney</u> Position: <u>Mayor</u> Phone: <u>304.892.3341</u>	
OTHER: Agency: <u>West Virginia Infrastructure & Jobs Development Council</u> Contact: <u>Jefferson Brady, PE</u> Position: <u>Executive Director</u> Phone: <u>304.558.4607</u>	
DEPOSITS TO MBC AT CLOSE By: _____ Wire _____ _____ Check _____	
Accrued Interest: \$ _____ Capitalized Interest: \$ _____ Reserve Account: \$ _____ Other: \$ _____	
REFUNDS & TRANSFERS BY MBC AT CLOSE By: _____ Wire _____ _____ Check _____ _____ IGT _____	
To Escrow Trustee: \$ _____ To Issuer: \$ _____ To Cons. Invest. Fund: \$ _____ To Other: _____ \$ _____	
NOTES: <u>The Series 2008 A Bonds Reserve Account to be funded over 10 years</u> _____ _____	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: _____ TRANSFERS REQUIRED: _____ _____	

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Clear Mountain Bank, Bruceton Mills, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The Town of Newburg (the "Issuer") enacted by the Issuer on July 8, 2008, and a Supplemental Resolution adopted by the Issuer on July 29, 2008 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated August 5, 2008, in the aggregate principal amount of \$522,000 (the "Series 2008 A Bonds"), and agrees to serve as Depository Bank in connection with the Series 2008 A Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 5th day of August, 2008.

CLEAR MOUNTAIN BANK


Its: Authorized Officer

THE TOWN OF NEWBURG

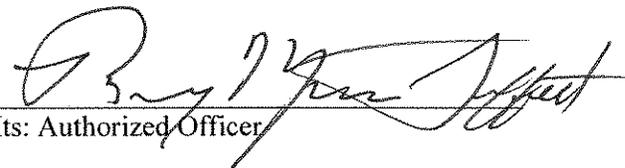
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The Town of Newburg Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated August 5, 2008, in the principal amount of \$522,000 (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 5th day of August, 2008.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

07.08.08
658210.00001

CH4934877.1

THE TOWN OF NEWBURG

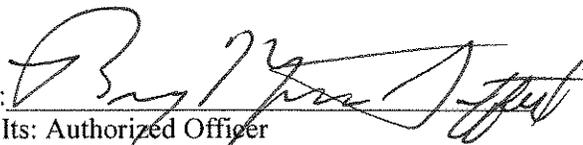
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of The Town of Newburg (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered The Town of Newburg Water Revenue Bond, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, dated August 5, 2008, in the principal amount of \$522,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 5th day of August, 2008.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

07.08.08
658210.00001

CH4934769.1

THE TOWN OF NEWBURG

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 5th day of August, 2008, by and between THE TOWN OF NEWBURG, 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 \$522,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated August 5, 2008, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted July 8, 2008, and a Supplemental Resolution of the Issuer duly adopted July 29, 2008 (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: The Town of Newburg
 Post Office Box 40
 Newburg, WV 26410
 Attention: Mayor

REGISTRAR: The Huntington National Bank
 One Huntington Square
 Charleston, West Virginia 25326
 Attention: Corporate Trust Department

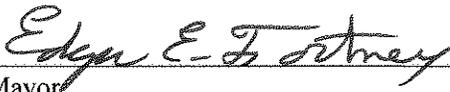
8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

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.

[Remainder of Page intentionally Blank]

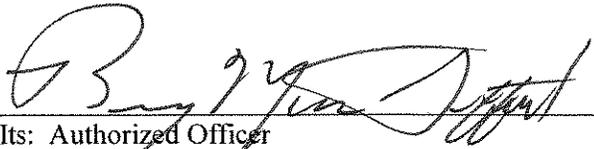
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

THE TOWN OF NEWBURG



Mayor

THE HUNTINGTON NATIONAL BANK



Its: Authorized Officer

07.08.08
658210.00001

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES
Invoice Date August 5, 2008

Town of Newburg
Account Number 6089001809

Town of Newburg
Water Revenue Bonds, Series 2008 A
John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR August, 2008

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- * FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
- * IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
- * .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
- * .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 *

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

(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and THE TOWN OF NEWBURG (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$233,186 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

{C1376751.1}

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

THE TOWN OF NEWBURG

By: 
Its: Mayor
Date: August 5, 2008

(SEAL)

Attest:


Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: 
Its: Executive Director
Date: August 5, 2008

(SEAL)

Attest:

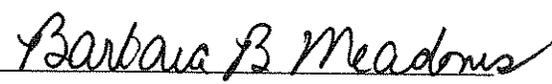

Its: Secretary-Treasurer

Exhibit A

Project Description

The Project consists of the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system, together with all appurtenant facilities (2005W-883).

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated July 30, 2008 between Newburg, Town of

COPY

a public corporation organized and operating under
Chapter 8, Article 19, West Virginia Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 1,266,186 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 755,186 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 755,186 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 511,000 or 40.36% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 40.36% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

- B. Permit periodic inspection of the construction by a representative of Grantor during construction.
- C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
- D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated March 4, 2008, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.
- E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.
- F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.
- G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.
- H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.
- I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.
- J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.
- K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.
1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.
 2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

All that real property associated with the Town of Newburg's water system.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

N/A

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$511,000.00, which it will advance to Grantee to meet not to exceed 40.36% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor

and attested and its corporate seal affixed by its duly authorized

Attest:

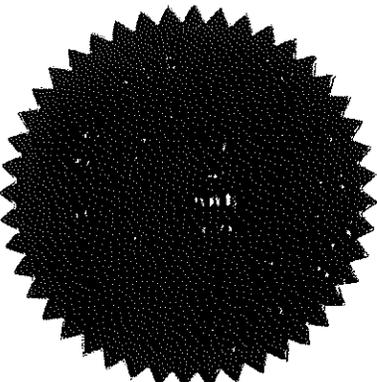
By: Mary Lynn
(Title) Recorder

By: Edgar E Fortney
Edgar Fortney
(Title) Mayor

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: H. A. Clark CP Specialist
(Title)



ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH
NEWBU-1

DATE (MM/DD/YYYY)
08/04/08

PRODUCER
Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

INSURED
Town Of Newburg
P.O. Box 40
Newburg WV 26410

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Argonaut Great Central Ins. Co	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS												
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	PE-4614958-01	07/01/08	07/01/09	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ N/A PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 6,000,000 PRODUCTS - COMP/OP AGG \$ 6,000,000 Emp Ben. 2,000,000												
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	PE-4614958-01	07/01/08	07/01/09	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$												
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$												
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 0	PE-4614958-01	07/01/08	07/01/09	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$ \$												
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	PE-4614958-01	07/01/08	07/01/09	<table border="1"> <tr> <td>WC STATU-TORY LIMITS</td> <td>OTH-ER</td> <td></td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td></td> <td>\$ 1,000,000</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td></td> <td>\$ 1,000,000</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td></td> <td>\$ 1,000,000</td> </tr> </table>	WC STATU-TORY LIMITS	OTH-ER		E.L. EACH ACCIDENT		\$ 1,000,000	E.L. DISEASE - EA EMPLOYEE		\$ 1,000,000	E.L. DISEASE - POLICY LIMIT		\$ 1,000,000
WC STATU-TORY LIMITS	OTH-ER																	
E.L. EACH ACCIDENT		\$ 1,000,000																
E.L. DISEASE - EA EMPLOYEE		\$ 1,000,000																
E.L. DISEASE - POLICY LIMIT		\$ 1,000,000																
		OTHER																

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Certificate holder is named as additional insured as respects Town of Newburg's water project.

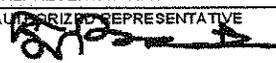
CERTIFICATE HOLDER

WVWDCHA

WV Water Development Authority
180 Association Drive
Charleston WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE


PWSID: WV3303920

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

RECEIVED

AUG 27 2007

VAUGHN, COAST &
WEST VIRGINIA, INC. 25301

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water)
Water System Improvements
And Connection to Taylor County PSD

PERMIT NO.: 17,649

LOCATION: Newburg

COUNTY: Preston

DATE: 8-22-2007

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

**Town of Newburg
P. O. Box 40
Newburg, West Virginia 26410**

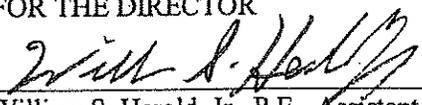
is hereby granted approval to: install approximately 8,870 LF of 8", 9,120 LF of 6", 3,010 LF of 4" and 4,080 LF of 2" water line; one (1) 75 G.P.M. duplex water booster station with booster chlorination; addition of a pressure reducing/rate control valve by-pass at the existing 125 G.P.M. water booster station; repaint, refurbish and add a minimum six (6) feet high fence with a locking gate around the existing Newburg water storage tank; all necessary valves and appurtenances; with a master meter to connect to the existing Taylor County Public Service District water system.

Facilities will serve 43 new customers and 218 existing customers in the Town of Newburg.

NOTE: This permit is contingent upon all new water line being disinfected, flushed and bacteriologically tested, prior to use.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR


William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH: emt

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



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

January 24, 2007

Edgar Fortney, Mayor
Town of Newburg
P.O. Box 40
Newburg, WV 26410

Dear Mayor Fortney:

This letter, with Attachments 1 through 10 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS grant in the amount of \$511,000, and other funding in the amount of \$493,000, for a total project cost of \$1,004,000. The other funding is planned in the form of a loan and grant from the West Virginia Infrastructure and Jobs Development Council.

The grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

- a. RUS Instruction 1780, Subparts A and B
- b. RUS Instruction 1780, Subpart C
- c. RUS Instruction 1780, Subpart D

The enclosures and attachments listed below are attached to the copies as noted.
Enclosed are the following:

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500
Phone: (304) 284-4860 • Fax: (304) 284-4893 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

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

- Attachment No. 1 - Project Construction Budget (All Copies)
 Attachment No. 2 - Water and Waste Processing Checklist for the Town of Newburg
 (All Copies)
 Attachment No. 3 - RUS Supplemental General Conditions (Engineer Copy)
 Attachment No. 4 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC
 Standard Documents on Water and Waste Projects with RUS Financial Assistance"
 Attachment No. 5 - Government Auditing Standards (Revision 2003) (Accountant
 Copy)
 Attachment No. 6 - RUS Bulletin 1780-30, "Water Programs Audit Guide and
 Compliance Supplement"
 Attachment No. 7 - RUS Bulletin 1780-31, "Water Programs Compliance
 Supplement for OMB Circular A-133 Audits"
 Attachment No. 8 - Water Users Agreement (Applicant and Attorney Copies)
 Attachment No. 9 - Declination Statement (Applicant and Attorney Copies)
 Attachment No. 10 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Security - Security requirements are contained in RUS Bulletin 1780-12 which is mentioned later.
2. Users - This conditional commitment is based upon you providing evidence that you will have at least 220 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 15 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the Town's existing water system, which is to be partially replaced by the new system at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of \$100. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the Town should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

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

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

3. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
4. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
5. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience, "Legal Services Agreement" is enclosed for your use.
6. Accounting Services - It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

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

RUS regulation 1780, Subparts A and B, outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your Town. The attached booklets, "Government Auditing Standards (Revision 2003)" (Attachment No. 5), and RUS Bulletins 1780-30 and 1780-31 (Attachment Nos. 6 and 7) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

7. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the Town already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

- e. On the day of grant closing, the Town's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the Town has already acquired real property(s) (land or facilities), the Town's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
8. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health
 - Department of Environmental Protection
 - Corps of Engineers
 - Public Land Corporation
9. Public Service Commission Approvals - You must obtain the following from the West Virginia Public Service Commission:
- a. A Certificate of Convenience and Necessity.
 - b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
 - c. Approval of financing for the project's proposed financing arrangements.
- The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.
10. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:
- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
 - b. Workers' Compensation - In accordance with appropriate State laws.
 - c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business

practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to \$100,000 (estimated highest monthly construction drawdown). Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
- (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

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

11. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

- (1) EJCDC Document No. C-521-FA, 2002 Edition, "Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710-FA, "Standard General Conditions of the Construction Contract - Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 4).

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

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

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

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

12. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.

13. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your Town, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

Public Bodies - Interest earned on grant funds in excess of \$100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

The Town will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The Town must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

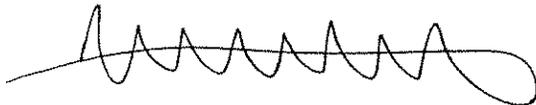
14. Water Purchase Contract - You propose to purchase treated water from the Taylor County Public Service District; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.
15. Other Project Funds - Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.
16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
- X Form RD 1940-1 - "Request for Obligation of Funds"
 - X RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 - Form RD 400-1 - "Equal Opportunity Agreement"
 - Form RD 400-4 - "Assurance Agreement"
 - Form AD 1047 - "Certification Regarding Debarment - Primary"
 - Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 - FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 - Certification of Compliance
 - Form RD 1942-46, "Letter of Intent to Meet Conditions"
17. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the grant docket. All the items listed must be included in the grant docket when it is forwarded to the USDA - Rural Development State Office with a request for grant closing instructions to be issued.
18. Upon receipt of the grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of grant approval have been satisfied, grant closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the grant can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to RUS grant funds and refunded to RUS.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely yours,



ROBERT M. STEPTOE, III
State Director

Enclosures

cc: Rural Development Specialist
Elkins and Morgantown, WV

Gary K. Bennett, CPA
317 Cleveland Avenue
Fairmont, WV 26554

Sheila Kae Williams, Esquire
202 Tunnelton Street
Garden Towers, Suite 314
Kingwood, WV 26537

Jefferson E. Brady, P.E., Executive Director
WV Infrastructure & Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

Ken Yost
WV Rural Community Assistance Program
20 East Main Street
Grafton, WV 26354

Morgan K. Coast, P.E.
Vaughn, Coast & Vaughn, Inc.
154 South Marietta Street
St. Clairsville, OH 43950

Robert G. Knotts, Chairman
Taylor County PSD
P.O. Box 202
Grafton, WV 26354



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

January 8, 2008

Edgar Fortney, Mayor
Town of Newburg
P.O. Box 40
Newburg, WV 26410

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Fortney:

This letter, with Attachment No. 1 amends the letter of conditions dated January 24, 2007 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of a RUS grant in the amount of \$511,000, and other funding in the amount of \$669,000, for a total project cost of \$1,180,000. The other funding is planned in the form of a loan in the amount of \$522,000 and a grant in the amount of \$147,000 from the West Virginia Infrastructure and Jobs Development Council.

Subject to the requirements noted herein, all of the conditions of the January 24, 2007 letter of conditions remain in effect and must be satisfied prior to grant closing.

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

Enclosed are the following:

Attachment No. 1 – Project Construction Budget with Proposed Use and Income Analysis and Cash Flow (All Copies)

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

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

The conditions referred to above are as follows:

1. Users – This conditional commitment is based upon you providing evidence that you will have at least 249 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 47 signed user agreements and signed certification from you that identifies and attests to the number of users actually connected to and using the Town's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.
2. Public Service Commission Approval – You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
3. Income Available – You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

RUS Bulletin 1780-12, "Water or Waste System Grant Agreement"
Form RD 1942-46, "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the Town still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely,



RICKIE E. RICE
State Director

Enclosures

cc: Rural Development Specialist
Elkins and Morgantown, WV

Zack Dobbins, CPA
317 Cleveland Ave.
Fairmont, WV 26554

Sheila K. Williams, Esquire
202 Tunnelton Street
Garden Towers, Suite 314
Kingwood, WV 26537

Jefferson E. Brady, P.E., Executive Director
WV Infrastructure & Jobs Development Council
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Charleston, WV 25301

Ken Yost
WV Rural Community Assistance Program
20 East Main Street
Grafton, WV 26354

Morgan K. Coast, P.E.
Vaughn, Coast & Vaughn, Inc.
154 South Marietta Street
St. Clairsville, OH 43950

Town of Newburg Project Construction Budget

<u>PROJECT COST</u>	<u>WVIJDC LOAN</u>	<u>WVIJDC GRANT</u>	<u>RUS GRANT</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 410,200	\$ 115,300	\$ 401,500	\$ 927,000
CONST. CONTINGENCY	\$ 21,000	\$ 5,900	\$ 20,500	\$ 47,400
LAND & RIGHTS	\$ 2,600	\$ 800	\$ 2,600	\$ 6,000
LEGAL FEES	\$ 6,600	\$ 1,900	\$ 6,500	\$ 15,000
BOND COUNSEL	\$ 4,400	\$ 1,300	\$ 4,300	\$ 10,000
ACCOUNTING	\$ 4,000	\$ 1,200	\$ 3,800	\$ 9,000
ENGINEERING FEES	\$ 67,800	\$ 19,100	\$ 66,320	\$ 153,220
Basic - \$86,000				
Insp. - \$60,220				
Special - \$7,000				
PERMITS	\$ 700	\$ 200	\$ 600	\$ 1,500
PROJECT CONTINGENCY	\$ 4,700	\$ 1,300	\$ 4,880	\$ 10,880
TOTAL	\$ 522,000	\$ 147,000	\$ 511,000	\$ 1,180,000

Rates

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	\$ 7.06	per M gallons
Over	2,000	gallons @	\$ 7.06	per M gallons

Minimum Charge

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

5/8" x 3/4"	meter	\$ 14.12	per month
3/4"	meter	\$ 21.18	per month
1"	meter	\$ 35.30	per month
1 1/2"	meter	\$ 70.60	per month
2"	meter	\$ 112.96	per month
3"	meter	\$ 211.80	per month
4"	meter	\$ 353.00	per month
6"	meter	\$ 706.00	per month
8"	meter	\$ 1,129.60	per month

Minimum Monthly Bill \$14.12 for 2,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

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

Leak Adjustment Increment

\$4.89 per 1,000 gallons. To be used when the 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 such unusual consumption above the customer's historical average usage.

Connection Charge

Tap fees - \$250.00 for all size meters and connections.

Reconnection Charge

\$25.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Amended Letter of Conditions
 For: Town of Newburg
 Date: January 8, 2008

**TOWN OF NEWBURG
 USE AND INCOME ANALYSIS**

<u>Blocking</u>	<u>Cust.</u>	<u>Gal/ Mo.</u>	<u>Minimum Bills</u>	<u>First 2,000</u>	<u>Over 2,000</u>	<u>TOTAL REVENUE</u>
0 - 2,000	78	70.82	78			
Over 2,000	125	523.90		250.00	273.90	
<hr/>						
Monthly Total	203.00	594.72	77.50	250.00	273.90	
<hr/>						
Proposed Rates			\$ 14.12	\$ 7.06	\$ 7.06	
<hr/>						
Monthly Revenues			\$ 1,094.30	\$ 1,765.00	\$ 1,933.73	\$ 4,793.03
<hr/>						
Annual Revenues			\$ 13,131.60	\$ 21,180.00	\$ 23,204.81	\$ 57,516.41
<hr/>						

TOWN OF NEWBURG
USE AND INCOME ANALYSIS
"IDENTIFIED EXTENSION AREAS"

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 2,000	OVER 2,000	TOTAL REVENUE
0 - 2000	0		0			
Over 2000	47	141.00		94.00	47.00	
Monthly Total	47	141.00	0	94.00	47.00	
Proposed Rates			\$ 14.12	\$ 7.06	\$ 7.06	
Monthly Revenues			\$ -	\$ 663.64	\$ 331.82	\$ 995.46
Annual Revenues			\$ -	\$ 7,963.68	\$ 3,981.84	\$ 11,945.52

Based on historical data, it is proposed that all new users will use an average of 3,000 gallons per month.

Projected Annual Income from Existing Customers - \$57,516.41
Projected Annual Income from Proposed Customers - \$11,945.52
Adjustment Factor - 1.003550

Total Projected Annual Revenue - \$69,708.50

**TOWN OF NEWBURG
OPERATING BUDGET**

OPERATING INCOME		
Metered Sales	\$ 69,709	
Penalties		
Other Income		
Reconnect Fees		
TOTAL OPERATING INCOME		<u>\$ 69,709</u>
NON OPERATING INCOME		
Interest income	\$ 91	
TOTAL NON OPERATING INCOME		<u>\$ 91</u>
TOTAL INCOME		<u>\$ 69,800</u>
EXPENSES		
O & M	\$ 49,373	
Taxes	\$ 4,215	
TOTAL EXPENSES		<u>\$ 53,588</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 16,212</u>
DEBT SERVICE		
Existing Bond P & I (B)		
Proposed Bond P & I (B)*	\$ 13,737	
TOTAL DEBT SERVICE		<u>\$ 13,737</u>
DEBT SERVICE RESERVE		
Debt Service Reserve	\$ 2,061	
TOTAL DEBT SERVICE RESERVE		<u>\$ 2,061</u>
SURPLUS (DEFICIT)		<u>\$ 414</u>
DEBT COVERAGE (A/B)		\$ 1.18

*Proposed WVIJDC Loan of \$522,000 for 38 years @ 0%.

CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: August 5, 2008
Re: The Town of Newburg Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

1. DISBURSEMENTS TO THE TOWN OF NEWBURG

Payor: West Virginia Infrastructure & Jobs Development Council
Amount: \$115,797
Form: Wire
Payee: The Town of Newburg
Routing No. 051502599
Account No. 3328171
Contact: Kimberly Abbey, 304.329.2265
Account: Series 2008 A Bonds Construction Trust Fund

07.08.08
658210.00001

CH4934885.1

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

WHEREAS, The Town of Newburg has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Newburg Water Supply Improvement Project, funded in part by the West Virginia Infrastructure & Jobs Development Council (IJDC) and Rural Utilities Service (RUS) and find as follows:

- a) For which the payment is proposed to be made has formed the basis for any previous disbursement theretofore made.
- b) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the services for the Project.
- c) That each of such costs has been otherwise properly incurred.
- d) That payment for each of the items proposed is then due and owing.

NOW, THEREFORE, BE IT RESOLVED The Town of Newburg hereby authorizes and directs payment of the attached invoices as summarized as follows:

Vendor	Total	IJDC	RUS
The Town of Newburg (Reimbursement)	\$ 8,100.04	\$ 8,100.04	
Vaughn, Coast and Vaughn, Inc.	\$76,196.95	\$76,196.95	
Sheila Williams	\$12,000.00	\$12,000.00	
Steptoe and Johnson PLLC (Bond Counsel)	\$10,000.00	\$10,000.00	
Huntington National Bank (Registrar and Authenticating Agent)	\$500.00	\$500.00	
Bennett & Dobbins PLLC	\$ 9,000.00	\$ 9,000.00	
	\$115,796.99	\$115,796.99	

ADOPTED BY The Town of Newburg at a meeting held on
 the 29th day of July, 2008.

The Town of Newburg

By: Edgar E. Fortney

Its: _____

USDA-RUS (Concurrence)

By: Al H. Collo

Title: CR Specialist

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

PRECLOSING ATTENDANCE LIST

Date August 4, 2008 Time 2:00 pm LGA Town of Newburg Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Ryan White	Jackson Kelly	304 340-1283	304-340-1272	swhite@jacksonkelly.com
John Stump	Stoetoe + Johnson PLLC	304.353.8176	304.353.8181	john.stump@stoetoejohnson.com
Barbara B Meadows	Water Development Authority	304.558.3612	304.558.0299	bmeadows@wrwda.org
Samms Lee	Jackson Kelly PLLC	304.340.1318	304.340.1272	sgree@jacksonkelly.com

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

Name Ed Fortney, Mayor Telephone 304.892.3341 E-Mail N/A
 Address P.O. Box 40, Newburg West Virginia 26410

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

SWEEP RESOLUTION

The Town of Newburg

WHEREAS, The Town of Newburg (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 29th day of July, 2008.



Mayor

EXHIBIT A

List each bond issue account and the Bank account number from which the electronic transfer will be made.

Water Revenue Bonds, Series 2008 A Sinking Fund	<u>2800300773</u>	\$
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Water Revenue Bonds, Series 2008 A Reserve Account	<u>2800300773</u>	\$
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Required:

Email for main contact: _____ -