

**TOWN OF REEDSVILLE**

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

**Date of Closing: August 22, 2001**

**BOND TRANSCRIPT**

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**BOND TRANSCRIPT**

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**TOWN OF REEDSVILLE**

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

**BOND ORDINANCE**

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TOWN OF REEDSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF REEDSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT-

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

ARTICLE I

STATUTORY AUTHORITY,  
FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance is adopted and enacted pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The Town of Reedsville (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in Preston County of said State.

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

A. The Issuer currently owns and operates a public sewerage system and desires to acquire, construct and operate certain additional public sewerage facilities

consisting of certain additions, betterments and improvements to such existing sewerage facilities, with all appurtenant facilities.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered that there be acquired and constructed certain additions, betterments and improvements to the existing sewerage facilities of the Issuer, consisting of improvements to the Issuer's wastewater collection system, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, betterments and improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The Issuer presently shares with the Town of Masontown outstanding obligations of Valley Sanitary District which are held by the West Virginia Water Development Authority (the "Authority"), being the STEP I Loan dated December 24, 1975, in the original aggregate principal amount of \$12,000 (the "STEP I Loan"), and the STEP II Loan dated March 6, 1980, in the original aggregate principal amount of \$105,829 (the "STEP II Loan"). The Issuer's share of the STEP I Loan is equal to a principal amount of \$3,000, with a service charge in the amount of \$30.00 and the Issuer's share of the STEP II Loan is equal to a principal amount of \$26,457, with a service charge in the amount of \$264.57, for a total of \$29,751.57.

The Issuer is also obligated to repay a loan from Bruceton Bank, including interest, in an amount not to exceed \$45,500 (the "Bank Loan"). The loan was taken out to provide temporary financing for certain emergency repairs to the Town's sewerage system.

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

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

E. The estimated maximum cost of the acquisition and construction of the Project, the payment of the Issuer's portion of the STEP I Loan and the STEP II Loan and

repayment of the Bank Loan is \$2,063,000, of which \$600,000 will be obtained from the proceeds of sale of the Series 2001 Bonds herein authorized, \$949,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and \$514,000 will be obtained from a grant by the Purchaser.

F. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), in the aggregate principal amount of not more than \$600,000, (the "Bonds"), to finance a portion of the cost of acquisition and construction of the Project. Said costs shall be deemed to include, without being limited to, the construction or acquisition of the Project; the acquisition of any property rights, easements and franchises, deemed necessary or convenient therefor; interest on the Series 2001 Bonds prior to and during acquisition and construction of the Project; the amounts necessary to pay the Issuer's share of the outstanding principal of and service charges for the STEP I Loan and the STEP II Loan; the amount necessary to pay the Bank Loan; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

G. The period of usefulness of the System, as herein defined, after completion of the Project is not less than 40 years.

H. There are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Series 2001 Bonds as to liens, pledge and source of and security for payment.

I. It is in the best interest of the Issuer that the Series 2001 Bonds be sold to the Purchaser, pursuant to the terms and provisions of a Letter of Conditions dated April 14, 1997, Amendment No. 1 to Letter of Conditions dated June 28, 1999, and any other amendments thereto (collectively, the "Letter of Conditions").

J. The Issuer has complied with all requirements of law relating to authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, repayment of the Issuer's share of the STEP I Loan and the STEP II Loan, repayment of the Bank Loan, and the issuance of the Series 2001 Bonds, or will have so complied prior to issuance of the Series 2001 Bonds, including among other things and without limitation, obtaining a certificate of convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the

time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03.      Ordinance to Constitute Contract. In consideration of the acceptance of the Series 2001 Bonds by those who shall be the Registered Owner of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Series 2001 Bonds.

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

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

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

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

"Bonds" means, the Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

"Facilities" or "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

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

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

"Grants" means, collectively, all moneys received by the Issuer on account of any Grant for the Project.

"Herein" or "herein" means in this Bond Legislation.

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated April 14, 1997, Amendment No. 1 to Letter of Conditions dated June 28, 1999, and any other amendments thereto.

"Mayor" means the Mayor of the Issuer.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, materials and supplies, pumping costs, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Series 2001 Bonds and into the respective Reserve Accounts and the Depreciation Reserve have been made to the last monthly date prior to the date of such retention.

"Ordinance" means the Bond Legislation.

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

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

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

- (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 (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Recorder" means the Recorder of the Issuer.

"Registered Owner," "Bondholder," "Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Series 2001 Bonds.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"State" means the State of West Virginia.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Series 2001 Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Series 2001 Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Recorder.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND  
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$2,063,000, 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 2001 Bonds hereby authorized shall be applied as provided in Article IV hereof.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture)" are hereby authorized to be issued in the aggregate principal amount of \$600,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Series 2001 Bonds shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Series 2001 Bonds shall bear interest from date of delivery, payable monthly at the rate of 5.0% per annum, and shall be sold for the par value thereof.

The Series 2001 Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2001 Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2001 Bonds, and the right to principal of and stated interest on the Series 2001 Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2001 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2001 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2001 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2001 Bonds.

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

The Bond Registrar shall accept the Series 2001 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2001 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2001 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05.        Execution of Bonds. The Series 2001 Bonds shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Series 2001 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2001 Bonds had not ceased to hold such office. The Series 2001 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2001 Bonds shall hold the proper office in the Issuer, although at the date of such Series 2001 Bonds such person may not have held such office or may not have been so authorized.

Section 3.06.        Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2001 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver new Series 2001 Bonds of like tenor as the Series 2001 Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2001 Bonds or in lieu of and substitution for the Series 2001 Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2001 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2001 Bonds shall have matured or be about to mature, instead of issuing

substitute Series 2001 Bonds the Issuer may pay the same, and, if such Series 2001 Bonds be destroyed, stolen or lost, without surrender thereof.

Section 3.07.      Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2001 Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Series 2001 Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2001 Bonds and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2001 Bonds as the same become due.

Section 3.08.      Form of Bonds. Subject to the provisions hereof, the text of the Series 2001 Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any ordinance enacted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF SERIES 2001 BOND)

TOWN OF REEDSVILLE

SEWER REVENUE BONDS, SERIES 2001  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$600,000

No. R-1

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

FOR VALUE RECEIVED, the TOWN OF REEDSVILLE (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of SIX HUNDRED THOUSAND DOLLARS (\$600,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and \$2,210, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment

of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute a corporate indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower,

as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

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

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

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

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

TOWN OF REEDSVILLE  
(Name of Borrower)

[CORPORATE SEAL]

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

Mayor  
(Title of Executive Official)

P. O. Box 497  
(P. O. Box No. or Street Address)

Reedsville, West Virginia 26547  
(Town, State and Zip Code)

ATTEST:

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

Recorder  
(Title of Attesting Official)

RECORD OF ADVANCES

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

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

(Form of Assignment)

ASSIGNMENT

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

\_\_\_\_\_

#### ARTICLE IV

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

Section 4.01.      Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Depreciation Reserve; and
- (3) Project Construction Account.

Section 4.02.      Establishment of Funds and Account with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2001 Bonds Reserve Account.

Section 4.03.      Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2001 Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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

Section 4.04. Covenants of the Issuer as to Revenues and Funds. So long as any of the Series 2001 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2001 Bonds Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2001 Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Ordinances and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Ordinances.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Series 2001 Bonds, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required to pay the interest on the Series 2001 Bonds and to amortize the principal of the Series 2001 Bonds over the life of the Bond issue.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit into the Series 2001 Bonds Reserve Account, 0.4167% of the Series 2001 Bonds Minimum Reserve, until the amount in the Series 2001 Bonds Reserve Account equals the Series 2001 Bonds Minimum Reserve. Moneys in the Series 2001 Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2001 Bonds to the National Finance Office as the same shall become due or for

prepayment of installments on the Series 2001 Bonds, or for mandatory prepayment of the Series 2001 Bonds as hereinafter provided, and for no other purpose; provided, however, that where the Series 2001 Bonds Minimum Reserve has been accumulated in the Series 2001 Bonds Reserve Account, all earnings of investments of money therein shall at least annually be transferred to and deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit into the Depreciation Reserve, 0.4167% of the Minimum Reserves, until the amount in the Series 2001 Bonds Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 2001 Bonds are outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 2001 Bonds Reserve Account in accordance with Section 4.04B(2) above, or a withdrawal of funds from the Series 2001 Bonds Reserve Account is made, payment of Revenues into the Depreciation Reserve as provided in this Section 4.04B(4) shall not be made, but instead Revenues shall be applied to the replenishment of the Series 2001 Bonds Reserve Account until such deficiency is cured, at which time payments into the Depreciation Reserve as provided in this Section 4.04B(4) shall resume. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Series 2001 Bonds as the same become due, and next to restore to the Series 2001 Bonds Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Series 2001 Bonds Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for repairs, replacements, improvements or extensions to the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Series 2001 Bonds or for any lawful purpose.

Whenever the moneys in the Series 2001 Bonds Reserve Account shall be sufficient to prepay the Series 2001 Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2001 Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2001 Bonds Reserve Account as herein provided, and all amounts required for

said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required reserve account payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

The Revenue Fund, the Series 2001 Bonds Reserve Account and the Depreciation Reserve shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2001 Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Commission and the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Series 2001 Bonds Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Investment Management. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from moneys in the Series 2001 Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be

returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

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

D. **USER CONTRACTS.** The Issuer shall, prior to delivery of the Series 2001 Bonds, provide evidence that there will be at least 208 bona fide users upon the Project, in full compliance with the requirements and conditions of the Purchaser.

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

F. **INVESTMENT OF EXCESS BALANCES.** The moneys in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

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

Section 4.05. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the grants and advances of principal of the Series 2001 Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$600,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a credit agreement, with such bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2001 Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or

statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

## ARTICLE V

### GENERAL COVENANTS

Section 5.01.        General Statement. So long as the Series 2001 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2001 Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2001 Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2001 Bonds.

Section 5.02.        Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Series 2001 Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03.        Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2001 Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04.        Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05.        Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2001 Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

- (a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the

application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2001 Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

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

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2001 Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2001 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2001 Bonds and shall be for the equal benefit of the Series 2001 Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on the Series 2001 Bonds at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2001 Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09.      Fiscal Year; Budget. While the Series 2001 Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10.      Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of adoption hereof, subject to permitted changes.

Section 5.11.      Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.12.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2001 Bonds are outstanding.

Section 5.13.      No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Rate Ordinance of the Issuer enacted on January 10, 2000.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be a lien on the premises served if not paid when due. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges, including, without limitation, any right and power of foreclosure under the Act and/or such other applicable provisions of law.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any sewer bill from a customer served with sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

## ARTICLE VII

### MISCELLANEOUS

Section 7.01.        Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2001 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2001 Bonds, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Holder of the Series 2001 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02.        Modification or Amendment. The Bond Legislation may not be materially modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03.        Delivery of the Bonds. The Mayor is hereby authorized and directed to cause the Series 2001 Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04.        Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2001 Bonds.

Section 7.05.        Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06.        Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

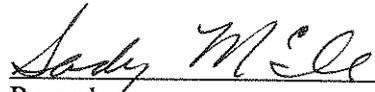
Section 7.07.        Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have



CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF REEDSVILLE on the 30th day of July, 2001, which Ordinance has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the TOWN OF REEDSVILLE this 22nd day of August, 2001.

[SEAL]

  
\_\_\_\_\_  
Recorder

07/19/01  
745200/97001



TOWN OF REEDSVILLE

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

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE) OF THE TOWN OF REEDSVILLE; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2001 BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town Council (the "Governing Body") of the Town of Reedsville (the "Issuer") has duly and officially adopted a bond resolution, effective July 30, 2001 (the "Bond Ordinance" or the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF REEDSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture) (the "Bonds" or the "Series 2001 Bonds") in the aggregate principal amount of not more than \$600,000, all in accordance with Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the exact principal amount 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 Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

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

A. Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered R-1 in the principal amount of \$450,000. The Series 2001 Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.875% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2001 Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$2,174 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 2001 Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2001 Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2001 Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

Section 2. Series 2001 Bonds proceeds in the amount of \$29,752 shall be remitted to the Authority to pay a portion of the outstanding principal of and service charge on the Step I and Step II Loans of Valley Sanitary District.

Section 3. The balance of the proceeds of the Series 2001 Bonds shall be deposited in or credited to the Series 2001 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 4. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2001 Bonds may be delivered on or about August 22, 2001, to the Purchaser pursuant to the Letter of Conditions.

Section 5. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 6. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 7. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 30th day of July, 2001.

TOWN OF REEDSVILLE

  
\_\_\_\_\_  
Mayor

CERTIFICATION

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

Dated: August 22, 2001.

[SEAL]

  
Recorder

08/08/01  
745200.97001



**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

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

CASE NO. 99-1836-S-CN

**TOWN OF MASONTOWN and  
TOWN OF REEDSVILLE**

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

**COMMISSION ORDER**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## DISCUSSION

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

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

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

## ORDER

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

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

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

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

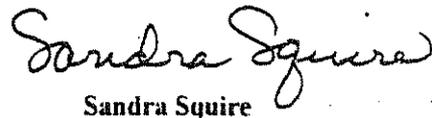
IT IS FURTHER ORDERED that should the scope or financing of the project approved herein change for any reason, the Towns must obtain prior Commission approval before continuing construction of the project.

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

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

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

A True Copy, Teste:

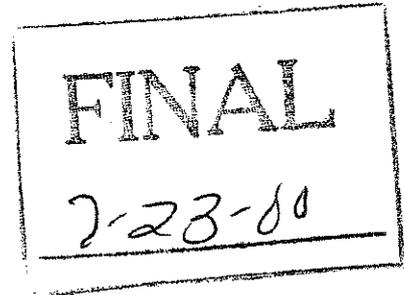


Sandra Squire  
Executive Secretary

ARC  
JJW/lfg  
991836ca.wpd

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Issued: July 3, 2000



CASE NO. 99-1836-S-CN

**TOWN OF MASONTOWN and TOWN OF REEDSVILLE.**

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

RECOMMENDED DECISION

PROCEDURE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## DISCUSSION

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

## FINDINGS OF FACT

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

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

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

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

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

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

#### CONCLUSION OF LAW

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

## ORDER

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

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

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

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

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

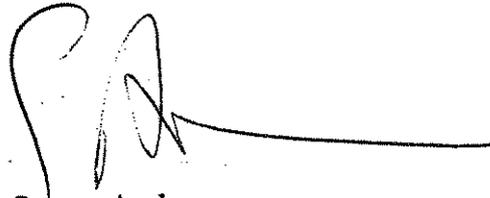
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

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

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

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

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



Sunya Anderson  
Administrative Law Judge

SA:s  
991836ab.wpd



TOWN OF REEDSVILLE

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

RECEIPT FOR BONDS

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

1. On the 22nd day of August, 2001, at Charleston, West Virginia, the undersigned received for the Purchaser the Town of Reedsville Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), numbered R-1, in the principal amount of \$450,000 (the "Bonds"), issued as a single, fully registered Bond, dated the date hereof, and bearing interest at the rate of 4.875% per annum, payable in monthly installments as stated in the Bond. The Bonds represent the entire above-captioned Bond issue.

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

3. At the time of such receipt, there was paid to the Issuer the sum of \$479,000, being the entire principal amount of the Bonds as well as a portion of the grant of the Purchaser.

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

  
Authorized Representative

08/15/01  
745200/97001



# SPECIMEN

## TOWN OF REEDSVILLE

### SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE)

\$450,000

No. R-1

Date: August 22, 2001

FOR VALUE RECEIVED, the TOWN OF REEDSVILLE (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and \$2,174, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

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

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

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

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

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

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

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

TOWN OF REEDSVILLE

[CORPORATE SEAL]

*Robert L. Stone*  
\_\_\_\_\_  
Mayor  
P. O. Box 497  
Reedsville, West Virginia 26547

ATTEST:

*Lady M. El*  
\_\_\_\_\_  
Recorder

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 450,000.00	8/22/01	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL                    \$ 450,000.00

(Form of Assignment)

ASSIGNMENT

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

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

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

08/15/01  
745200.97001

August 22, 2001

**Town of Reedsville  
Sewer Revenue Bonds, Series 2001  
(United States Department of Agriculture)**

Town of Reedsville  
Reedsville, West Virginia

United States Department of Agriculture  
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Reedsville, in Preston County, West Virginia (the "Issuer"), of its \$450,000 Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated the date hereof (the "Series 2001 Bonds" or the "Bonds"), pursuant to Chapter 16, Article 13, of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on July 30, 2001, and a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (collectively, the "Bond Legislation"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia with full power and authority to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.
2. The Bond Legislation has been duly adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds and subject to no prior lien granted under the Act.

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

5. The Bonds have not been issued on the basis that the interest 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.

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

08/08/01  
745200/97001





Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

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

Writer's Contact Information

August 22, 2001

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

Town of Reedsville
Reedsville, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Reedsville, in Preston County, West Virginia (the "Issuer"), of its \$450,000 Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated the date hereof (the "Series 2001 Bonds" or the "Bonds"), pursuant to Chapter 16, Article 13, of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on July 30, 2001, and a Supplemental Resolution duly adopted by the Issuer on July 30, 2001 (collectively, the "Bond Legislation"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia with full power and authority to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Bond Legislation has been duly adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.



3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds and subject to no prior lien granted under the Act.

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

5. The Bonds have not been issued on the basis that the interest 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.

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

08/08/01  
745200/97001



*Sheila Kae Williams*

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314  
202 TUNNELTON STREET

*Kingwood, West Virginia 26537*

(304) 329-1173

(304) 329-1203 FAX

August 22, 2001

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

Town of Reedsville  
Reedsville, West Virginia

United States Department of Agriculture  
Morgantown, West Virginia

Steptoe & Johnson PLLC  
Clarksburg, West Virginia

Ladies and Gentlemen:

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

I am of the opinion that:

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

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

4. Other than the Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

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

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

Very truly yours,

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

Sheila Kae Williams, Esquire



TOWN OF REEDSVILLE

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

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and RECORDER of the Town of Reedsville, in Preston County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Town of Reedsville Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), No. R-1, dated the date hereof, fully registered, in the principal amount of \$450,000 (the "Series 2001 Bonds" or the "Bonds"), as follows:

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

dated April 14, 1997, as amended on June 28, 1999, and as appears in Section 7.03 of the Ordinance of the Issuer duly enacted on July 30, 2001, and the Supplemental Resolution duly adopted on July 30, 2001, authorizing issuance of the Series 2001 Bonds (collectively, the "Ordinance" or "Bond Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Ordinance when used herein. The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the System, herein defined and described, located within the boundaries of the Issuer.

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

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

The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on July 3, 2000, in Case No. 99-1836-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

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

There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

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

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

Bond Ordinance

Supplemental Resolution

Public Service Commission Order

Town Charter

Oaths of Office of Officers and Council members

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Bond Ordinance

United States Department of Agriculture Letter of Conditions and Amendments

United States Department of Agriculture Grant Agreement

United States Department of Housing and Urban Development (Small Cities Block Grant) Agreement

The undersigned Mayor hereby covenants that he has or will file tariffs pursuant to the Final Order of the Public Service Commission when the completion date of the Project is definitely known, or has or will cause such tariffs to be filed in accordance with said order or as otherwise required by law.

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Town of Reedsville." The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Preston County of said State. The governing body of the Issuer is its Council, consisting of a Mayor, a Recorder and 5 council members, all duly elected or appointed (as applicable), qualified and acting, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Robert L. Stone	- Mayor	July 1, 2001	June 30, 2003
Sandra McIe	- Recorder	July 1, 2001	June 30, 2003
William R. Watson	- Councilmember	July 1, 2001	June 30, 2003
Nada Workman	- Councilmember	July 1, 2001	June 30, 2003
Shirley Williford	- Councilmember	July 1, 2001	June 30, 2003
Robert L. Bircher	- Councilmember	July 1, 2001	June 30, 2003
Gregory Sypolt	- Councilmember	July 1, 2001	June 30, 2003

The duly appointed and acting Mayor of the Issuer is Robert L. Stone. The duly appointed and acting Recorder of the Issuer is Sandra McIe.

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

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2001 Bonds were delivered to the Purchaser at Charleston, West Virginia, by the undersigned Mayor for the purposes set forth herein, and at the time of such delivery,

the Series 2001 Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Ordinance.

At the time of delivery of the Bonds, the undersigned Mayor received \$479,000, being the entire amount of the Series 2001 Bonds, as well as a portion of the grant of the Purchaser.

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

The Series 2001 Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2001 Bonds.

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

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Ordinance.

12. CONNECTIONS, ETC.: The Issuer has provided evidence that there will be at least 208 bona fide users to be served by the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

13. **MANAGEMENT:** The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

14. **PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE:** Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Preston County Journal*, a qualified newspaper of general circulation in the Town of Reedsville, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2001 Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 30th day of July, 2001, at 7:00 p.m., at the Reedsville Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. **RATE FILING WITH PSC:** Pursuant to West Virginia Code Section 24-2-4b, the Issuer has filed the rates and rules contained in the Rate Ordinance authorizing such rates and rules with the Public Service Commission of West Virginia.

16. **GRANTS:** As of the date hereof, the grant from the Purchaser in the amount of \$514,000 and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$949,000 are committed and in full force and effect.

17. **CONFLICT OF INTEREST:** No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2001 Bonds, the Bond Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Ordinance. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

WITNESS our signatures and the official corporate seal of the TOWN OF REEDSVILLE on this 22nd day of August, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Robert L. Stone

Mayor

Lady M. O.

Recorder

Debra Kay Williams

Attorney for Issuer

08/15/01  
745200/97001



TOWN OF REEDSVILLE

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

ENGINEER'S CERTIFICATE

I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., in Wheeling, West Virginia, hereby certify that my firm is engineer for the acquisition and construction of additions, betterments and improvements (the "Project") to the existing sewerage system ("System") of the Town of Reedsville (the "Issuer"), to be acquired and constructed in Preston County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bond of the Issuer.

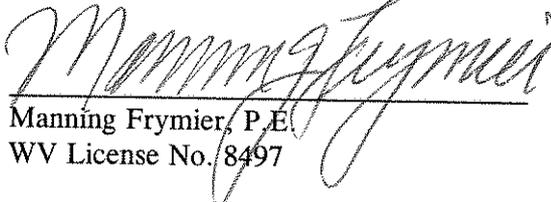
I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

I further certify that the Project is adequate for the purposes for which it was designed and that all necessary governmental approvals, consents, authorizations and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

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

[SEAL]

CERRONE ASSOCIATES, INC.

  
Manning Frymier, P.E.  
WV License No. 8497

08/15/01  
745200/97001



ON FILE WITH TOWN



STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Robert L Stone do solemnly swear that I will support

the Constitution of the United States and the Constitution of this State; and that I will faithfully

discharge the duties of my office of Mayor

of Preston County, for the 2 year term commencing on the

day of July 1, 2001 2001 to the best of my skill and judgment. So help me God.

(Sign Here) Robert L Stone

Subscribed and sworn to before the undersigned this 19 day of July 2001

Maude M Workman

County Clerk  
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Sandy McIe

do solemnly swear that I will support

the Constitution of the United States and the Constitution of this State; and that I will faithfully

discharge the duties of my office of Recorder

of Preston County, for the 2 yr. term commencing on the 1st

day of July, 2001 to the best of my skill and judgment. So help me God.

(Sign Here)

Sandy McIe

Subscribed and sworn to before the undersigned this 9 day of July, 2001

Maria M. Weisman

County Clerk  
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Bill Watson do solemnly swear that I will support

the Constitution of the United States and the Constitution of this State; and that I will faithfully

discharge the duties of my office of Councilman

of Preston County, for the 2001 term commencing on the 1st

day of July 2001 to the best of my skill and judgment. So help me God.

(Sign Here) Bill Watson

Subscribed and sworn to before the undersigned this 23 day of July 2001

Mada M. Workman

County Clerk  
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Nata M Workman do solemnly swear that I will support

the Constitution of the United States and the Constitution of this State; and that I will faithfully

discharge the duties of my office of Council person

of Preston County, for the 2001 term commencing on the 1st

day of July 2001 to the best of my skill and judgment. So help me God.

(Sign Here)

Nata M Workman

Subscribed and sworn to before the undersigned this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

Robert A Stone Mayor

County Clerk  
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Shirley Kelleford, do solemnly swear that I will support  
the Constitution of the United States and the Constitution of this State; and that I will faithfully  
discharge the duties of my office of Councilwoman

of Preston County, for the 2001 term commencing on the July 1st  
day of July, 192001 to the best of my skill and judgment. So help me God.

(Sign Here)

Shirley Kelleford

Subscribed and sworn to before the undersigned this 1 day of July, 192001

John M. Workman

County Clerk  
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, ROBERT L. BIRCHER

do solemnly swear that I will support

the Constitution of the United States and the Constitution of this State; and that I will faithfully

discharge the duties of my office of COUNCILMAN

of Preston County, for the 2 YEAR term commencing on the July 1, 2001

day of July 19 2001 to the best of my skill and judgment. So help me God.

(Sign Here) Robert L. Bircher

Subscribed and sworn to before the undersigned this 9 day of July 19 2001

Patricia M. Workman

County Clerk  
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Gregory B. Sypolt do solemnly swear that I will support  
the Constitution of the United States and the Constitution of this State; and that I will faithfully  
discharge the duties of my office of member of council

of Preston County, for the 2 year term commencing on the 1st  
day of July 2001 to the best of my skill and judgment. So help me God.

(Sign Here) Gregory B. Sypolt

Subscribed and sworn to before the undersigned this 9 day of July 2001

Mada M. Workman

County Clerk  
Kingwood, W. VA.



TOWN OF REEDSVILLE

AN ORDINANCE ESTABLISHING AND FIXING NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE FACILITIES OF THE TOWN OF REEDSVILLE

THE TOWN COUNCIL OF THE TOWN OF REEDSVILLE HEREBY ORDAINS: The following schedule of sewer rates, connection charges, reconnection charges and delayed payment penalty are hereby fixed and determined as the sewer rates, connection charges, reconnection charges and delayed payment penalty to be charged to customers of the sewerage facilities of the Town of Reedsville.

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sanitary sewer service.

RATES

(Based upon metered volume of water supplied).

<u>Number of Gallons/Month</u>	<u>Rate</u>
First 3,000 gallons	\$6.50 per 1,000 gallons
Next 3,000 gallons	\$5.00 per 1,000 gallons
Next 4,000 gallons	\$3.75 per 1,000 gallons
Next 10,000 gallons	\$2.30 per 1,000 gallons
Over 20,000 gallons	\$1.70 per 1,000 gallons

**MINIMUM BILL**

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

<u>Meter Installed</u>	<u>Rate</u>
5/8" x 3/4" meter	\$19.50 per month
3/4" meter	\$29.25 per month
1" meter	\$48.75 per month
1-1/2" meter	\$97.50 per month
2" meter	\$156.00 per month
3" meter	\$292.50 per month
4" meter	\$487.50 per month
6" meter	\$975.00 per month
8" meter	\$1,560.00 per month

The monthly Minimum Bill shall be \$19.50 per month.

**UNMETERED/UNMEASURED RATES**

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be \$ 27.00 for residential customers, and ~~\$ \_\_\_\_\_~~ for commercial and industrial customers.

**MULTIPLE OCCUPANCY**

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

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

**DELAYED PAYMENT PENALTY**

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

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

SEWER CONNECTION CHARGE (TAP FEE)

Prior to construction	\$100.00
After the start of construction	\$250.00

The Town shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines, which shall be provided by applicant upon terms and conditions approved by the Town.

RECONNECTION SERVICE CHARGE

There shall be a Reconnection Charge of \$20.00, which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

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

SECTION 2. EFFECTIVE DATE

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

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

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

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in a qualified newspaper of general circulation in the Town of Reedsville, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council at the Reedsville Town Hall, Reedsville, West Virginia, on the 22<sup>nd</sup> day of Nov, 1999, at 7:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Clerk, Reedsville, West Virginia, during regular office hours.

Passed on First Reading:

11/8/99

Passed on Second Reading:  
(following public hearing)

11/22/99

Robert L. Stone  
Mayor

ATTEST:

Betty H. Walter  
Town Clerk

CERTIFICATION AND NOTICE

The foregoing Ordinance was introduced and adopted on first reading at a meeting of the Council held on 11.8.99, 1999. Any person interested may appear before the Council of the Town of Reedsville, at the Reedsville Town Hall, Reedsville, West Virginia, on the 22 day of Nov., 1999, 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, Reedsville, West Virginia.

Betty N. Walton  
Town Clerk

08/30/99  
745200/97001



# Certificate of Publication

## LEGAL NOTICE

AN ORDINANCE ESTABLISHING AND FIXING NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE FACILITIES OF THE TOWN OF REEDSVILLE, WEST VIRGINIA

THE TOWN COUNCIL OF THE TOWN OF REEDSVILLE HEREBY ORDAINS. The following schedule of sewer rates, connection charges, connection charges and delayed payment penalty are hereby fixed and terminated as the sewer rates, connection charges, reconnection charges and delayed payment penalty to be charged to customers of the sewerage facilities of the Town of Reedsville.

### SECTION 1. SCHEDULE OF RATES

**APPLICABILITY**

Applicable to entire area served.

**AVAILABILITY OF SERVICE**

Available for general domestic, commercial, industrial, sanitary, sewer

**RATES**

(Based upon metered volume of water supplied).

Number of Gallons/Month	Rate
First 3,000 gallons	\$6.50 per 1,000 gallons
Next 3,000 gallons	\$5.00 per 1,000 gallons
Next 4,000 gallons	\$3.75 per 1,000 gallons
Next 10,000 gallons	\$2.30 per 1,000 gallons
Over 20,000 gallons	\$1.70 per 1,000 gallons

**MINIMUM BILL**

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

5.8" x 3.4" meter	\$19.50 per month
3.4 inch meter	\$29.25 per month
1 inch meter	\$48.75 per month
1 1/2 inch meter	\$97.50 per month
2 inch meter	\$156.00 per month
3 inch meter	\$292.50 per month
4 inch meter	\$487.50 per month
6 inch meter	\$975.00 per month
8 inch meter	\$1,560.00 per month

The monthly Minimum Bill shall be \$19.50 per month.

**METERED UNMEASURED RATES**

In the event the water supply is unmeasured or otherwise unmeasurable, the metered rate shall be charged. The unmeasured rate shall be \$27.00 per month equivalent to 4,500 gallons usage for residential customers.

**MULTIPLE OCCUPANCY**

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly Minimum Bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge. House trailer or mobile home courts served through a single meter shall be required to pay the monthly Minimum Bill multiplied by the number of units in place at the time the meter is read each month.

**DELAYED PAYMENT PENALTY**

The above rates are net. On all current usage billings not paid in full within twenty (20) days of billing date, a ten percent (10%) penalty will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate. If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all due water and sewer bills have been paid in full and all accrued penalties plus a Reconnection Charge have been paid.

**SEWER CONNECTION CHARGE (TAP FEE)**

Prior to construction	\$100.00
After the start of construction	\$250.00

The Town shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines.

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

has been published for two consecutive weeks in said newspaper, beginning with the issue of Jan. 1 and expiring with the issue of Jan. 8

*Carol Peters*, Advertising Manager

Sworn to and subscribed before me this, the

15th day of February, 2000

*Dennis E. Peters*, Notary Public

My commission expires 6/29/2004



Nov., Nov. 2, 1959

Mayor Stone called the meeting to order at 7:00 P.M. Present were Recorder Walter and Members Seydolt, Spickman, Teft, Workman + Willford. Guest: Ms. Todd who brought some refreshments to show her appreciation for the tennis held in her dealing with C. Morosuso and her garbage. Nancy Kravtchick applied for a permit for her mother, Elaine Born, to repair roof. Approx. cost \$1050.<sup>00</sup> Spickman moved to issue permit. 2<sup>nd</sup> by Seydolt. Motion carried. Permit \$7.<sup>00</sup>

Minutes of the previous meeting were read + approved. Recorder presented the bills:

State Treas. (Jan)	400.00
Golden Bell Creamery	80.07 - (Polan) Potcher
Barnhardt	273.53 (Polan)
Parts Plus	128.59
Helen Trucking	65.68
K. Lowell	164.00
Joe's Home	43.59
Citizens	4.60
Vermon	30.00
Alleg. Power	471.88
SAK Serv.	23.57

Teft moved to pay bills. 2<sup>nd</sup> by Willford. Motion Carried. Recorder reported Cindy Brewster is still complaining about the sewage on her yard. Also she reported the papers for John Nozalick had been sent on to Worker's Comp for his back injury.

Seydolt made motion to appoint Rena Teft as Recorder as of Jan. 1, 2000. 2<sup>nd</sup> by Workman. Motion carried.

Recorder gave the first reading of the sewer ordinance. Seydolt moved to accept the  
(over)

(3)

first reading. 2<sup>nd</sup> by Teft. Motion Carried.  
Council went over the list of right-of  
way that are signed and a list of names  
needed. We have 40 signed and another  
10 out to be turned in and according to  
Atty Williams we will need about 48 more.

Workman reported on the WV Development  
Authority dinner she attended at Kingwood.  
Very interesting talk and very good food.

No further business Teft moved to  
adjourn. 2<sup>nd</sup> by Stypolt. Motion carried  
and meeting adjourned 9:30 P.M.

Betty Walters, Recorder

# Town of Reedsville

## Meeting Minutes

Meeting Title	Town of Reedsville- Council	Start Time	7:04 PM
Date	January 10, 2000	Stop Time	9:17 PM
Place	Town Hall		

## PERSONS ATTENDING

1	Williford	2	Sypolt
3	McLe	4	George
5	Taft	6	Stone
7	Shaffer	8	Welton
9		10	
11		12	

## MEETING MINUTES

1	Minutes were read by recorder Taft and approved.	
2	Bills were presented for payment. McLe moved to pay the bills, 2 <sup>nd</sup> by Welton, motion carried.	
3	Sypolt asked Stacy about hitting the water meter up in Brandon Acres. Recorder will call PSD #1 to have it fixed. Stacy will put yellow flags around until they get it fixed..	
4	Council reviewed the necessary rights of ways and divided them up for each council member to phone and set up dates for signings. Welton and Williford will be up at Town Hall on Wednesday January 19 from 12p - 4p for people to stop in then. We will also make available time at the next council meeting on Monday, January 24 starting at 7:00p. Council members can also tell people they can stop by Welton's house anytime.	
5	Street light out , recorder will get pole number from Stacy and report to Allegheny Power.	
6	Skip George approached council about resigning his position with the Town. He will be placed on the inactive list unless he is needed for police court or an emergency until further notice.	
7	Had 2 <sup>nd</sup> reading of sewer ordinance for rate increase. Welton made motion to accept the 2 <sup>nd</sup> reading, 2 <sup>nd</sup> by Williford, motion carried.	
8	Welton moved to adjourn, Sypolt 2 <sup>nd</sup> , meeting adjourned at 9:17pm.	✓
9		
10		

## BILLS FOR PAYMENT

1	Postmaster	
2	L.H. Jones (snowtruck)	\$33.00
3	S & K Sanitation	\$27.59
4	Allegheny Power (park)	\$23.87
5	Street Ford (lugs on snowtruck)	\$10.05
6	Preston Publications (legal notice sewer rates)	\$84.16
7	Allegheny Power	\$143.11
8	Citizens	\$491.88
9	Gas N More	\$6.04
10	WV Treas. Office	\$74.06
	Mae McClelland (cleaning)	\$350.00
	Midwest Radar (tuning)	\$24.00
	Hinerman Business (nov police rpt)	\$45.00
	Preston Insurance (Bond for Rena Taft)	\$30.00
	Preston Fuel & Propane	\$50.00
		\$114.75
	TOTAL	\$1,542.76



# Certificate of Publication

## LEGAL NOTICE

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

A public hearing will be held on the following-entitled Ordinance at a special meeting of the Council of the Town of Reedsville (the "Town") to be held on July 30, 2001, at 7:00 p.m. at the Town Hall in Reedsville, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF REEDSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

The above-entitled Ordinance was adopted by the Council of the Town on July 9, 2001.

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

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Recorder of the Town for review by interested parties during regular office hours.

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

Dated: July 9, 2001

s/s Sandra Mcle  
Recorder  
7/18,25

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

## Public Hearing

### Town of Reedsville Bond Ordinance

a copy of which notice is hereto annexed, was published in said paper for two successive weeks, beginning with its issue of **July 18** and expiring with its issue of **July 25**.

And, I do further certify that on **July 25**

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

*Carol Peters*

ADVERTISING MANAGER

Subscribed and sworn to before me this the

18<sup>th</sup> day of July, 2001

*Dennis E. Peters*

NOTARY PUBLIC

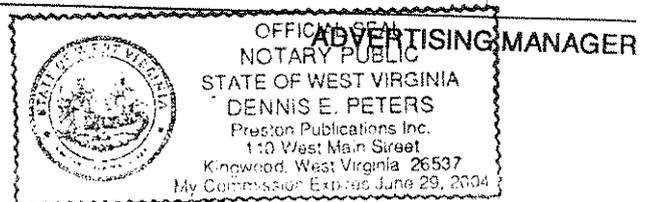
My commission expires

6/29/2004

Kingwood, W.V.

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

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







# Town of Reedsville

## Minutes

Meeting Title	Town of Reedsville- Council	Start Time	7:03 PM
Date	07/09/01	Stop Time	
		Place	Town Hall

### PERSONS ATTENDING

1	Sandy McIe, Recorder	2	Bob Stone, Mayor
3	Bob Watson	4	Shirley Williford
5		6	Bob Bircher
7		8	
9		10	
11		12	
13		14	
15		16	
17		18	
19	Mrs. Seaman	20	

### MEETING MINUTES

- 1 Meeting called to order at 7:00 pm Items from the floor. Mrs. Seaman brought to the Council's attention sewer gases and
- 2 drainage. She stated there is raw sewage in her yard. She stated that "if her husband goes into cardiac arrest, someone is
- 3 going to pay". Bob will send workers down to open up the line July 10<sup>th</sup> am. She asked if Valley St is going to be fixed
- 4 with new line. Mrs. Seaman checked with maps along with Council and Greg indicated it does not appear that new lines
- 5 will be put in on Valley Street.
- 6 Carol Todd came to Council asking where her sewer lines were on her property. She wants to install a check valve. Bob
- 7 says it's more than likely behind her property.
- 8 Reading of minutes of June 25, 2001. No objections. Stand as read.
- 9 Bills listed. Motion to be paid by Shirley; seconded by Greg. Motion carried. Correspondence: Read and discussed.
- 10 Old Business: Second reading of a proposed Bond Ordinance providing for the issuance of its Sewer Revenue Bonds, Series 2001.....etc. Greg made a motion of accepting the second reading of said Ordinance. Shirley seconded; motion carried. Regarding Brian Speakman, Council discussed. No motion to hire was made by Council. Issued dropped. Storage Building Renovations: rafter's on; tin ready to put on by Wednesday. Proposed Cat Ordinance: Discussed. Tabled for further discussion. Sewer problem at Storage tanks. Yard Sale Permits: 3 days; \$2/day. Fine's thereafter. NEW BUSINESS: Mayor Stone discussed the \$400,000 through Bucklew's. Lady in Randy Plum's office said she was 99% sure we could use the money toward new sewer lines. Burned out street light at Intersection. Greg made a motion to give Darlene a raise retro-active to July 1, 2001. Shirley seconded; all in favor; motion passed. August 2, 2001 Valley District Fair parade. Discussion of 2<sup>nd</sup> Street Ditch needs repair. The Hall reunion coming us July 29<sup>th</sup>; swings need lowered. No further business; meeting adjourned 8:55 p.m. Meeting adjourned.

# Town of Reedsville

## Minutes

<b>Meeting Title</b>	SPECIAL MEETING - Sewer Revenue Bond, Series 2001 Hearing	<b>Start Time</b>	7:03 PM
<b>Date</b>	July 30, 2001	<b>Stop Time</b>	
		<b>Place</b>	Town Hall

### PERSONS ATTENDING

1	Sandy Mcle, Recorder	2	Bob Stone, Mayor
3	Nada Workman	4	Shirley Williford
5	Greg Sypolt	6	Bob Bircher
7		8	Bill Watson
9	Vincent A. Collins - Steptoe & Johnson Attorneys	10	
11		12	
13		14	
15		16	
17		18	
19		20	

### MEETING MINUTES

1	Meeting was called to order at 7:04 p.m. by Bob Stone, Mayor, to adopt the Bond Ordinance through this public hearing
2	for the Sewer System.
3	Mr. Collins presented the reading of the Ordinance.
4	7:30 tonight is the night of the ordinance and public hearing. This hearing is the last step to financing.
5	August 22, 2001 Closing
6	August 20, 2001 Pre-Closing here at Town Hall. Recorder and Mayor will need to be present.
7	Money will be wired to the bank immediately after August 22, 2001.
8	Greg made a motion to accept the ordinance. Seconded by Bill. Minutes will show that no discussion from the floor was
9	made at this public hearing. Motion moved and carried. Addendum distributed and read. Motion to accept the
10	supplement resolution as stated by Bill; Shirley seconded; all in favor; no discussion from the floor; motion carried.

Meeting adjourned 7:45 p.m.



WV MUNICIPAL BOND COMMISSION  
 8 Capitol Street  
 Suite 500, Terminal Building  
 Charleston, WV 25301  
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 22, 2001

ISSUE: Town of Reedsville, Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture)

ADDRESS: P. O. Box 497, Reedsville, WV 26547

COUNTY: Preston

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

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 22, 2001

CLOSING DATE: August 22, 2001

ISSUE AMOUNT: \$450,000

RATE: 4.875%

1ST DEBT SERVICE DUE: August 22, 2003

1ST PRINCIPAL DUE: August 22, 2003

1ST DEBT SERVICE AMOUNT: \$ 2,174

PAYING AGENT: Issuer

**BOND**

COUNSEL: Step toe & Johnson PLLC  
 Contact Person: Vincent A. Collins, Esquire  
 Phone: (304) 624-8161

**UNDERWRITERS  
 COUNSEL:**

Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

CLOSING BANK: Bruceton Bank  
 Contact Person: Ms. Sherry Belldina  
 Phone: (304) 864-2265

**ESCROW TRUSTEE:**

Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
 Contact Person: Robert L. Stone  
 Position: Mayor  
 Phone: (304) 864-6778

OTHER: United States Department of Agriculture  
 Contact Person: Mr. Joseph D. Crickenberger  
 Function: Rural Development Specialist  
 Phone: (304) 636-2158

**DEPOSITS TO MBC AT CLOSE:**

By: \_\_\_\_\_ Wire  
 \_\_\_\_\_ Check

Accrued Interest: \$ \_\_\_\_\_  
 Capitalized Interest: \$ \_\_\_\_\_  
 Reserve Account: \$ \_\_\_\_\_  
 Other: \$ \_\_\_\_\_

**REFUNDS & TRANSFERS BY MBC AT CLOSE**

By: \_\_\_\_\_ Wire  
 \_\_\_\_\_ Check  
 \_\_\_\_\_ IGT

To Escrow Trustee: \$ \_\_\_\_\_  
 To Issuer: \$ \_\_\_\_\_  
 To Cons. Invest. Fund: \$ \_\_\_\_\_  
 To Other: \$ \_\_\_\_\_

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2001 Bonds Reserve Account. Payments to the Series 2001 Bonds Reserve Account will begin on approximately August 22, 2003.

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

DOCUMENTS REQUIRED: \_\_\_\_\_  
 TRANSFERS REQUIRED: \_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

08/15/01  
745200.97001



UNITED STATES  
DEPARTMENT OF  
AGRICULTURE

RURAL  
DEVELOPMENT

*Bond Counsel*  
Federal Building, Room 320  
75 High Street  
Morgantown, WV 26505-7500  
TELEPHONE: (304) 291-4796  
FAX: (304) 291-4032  
TTY/TDD: (304) 284-5941

April 14, 1997

The Honorable Robert Burke  
Mayor, Town of Reedsville  
P.O. Box 497  
Reedsville, WV 26547

COPY

Dear Mayor Burke:

This letter, with attachments 1 through 12 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by the Rural Utilities Service (RUS) by written amendment to this letter. Any changes not approved by RUS shall be cause for discontinuing processing of the application.

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

This letter is not to be considered as loan and grant approval or as representation to the availability of funds. The docket may be completed on the basis of an RUS loan not to exceed \$450,000, an RUS grant not to exceed \$514,000 and other funding in the amount of \$796,000, for a total project cost of \$1,760,000. The other funding is planned in the form of a grant from the HUD Small Cities Block Grant program.

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

USDA - Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, D.C. 20250

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 - Final Project Planning Factors  
(All Copies)
- Attachment No. 2 - Town of Reedsville Loan and Grant Docket  
Table of Contents (All Copies)
- Attachment No. 3 - FmHA Instruction 1942-A, Section 1942.17  
(Applicant Copy)
- Attachment No. 4 - FmHA Instruction 1942-A, Section 1942.18  
(Engineer Copy)
- Attachment No. 5 - FmHA Instruction 1942-A, Section 1942.19  
(Attorney and Bond Counsel Copies)
- Attachment No. 6 - FmHA Supplemental General Conditions  
(Engineer Copy)
- Attachment No. 7 - Standards for Audit of Governmental  
Organizations, Programs, Activities and Functions  
(Accountant's Copy)
- Attachment No. 8 - U.S. Department of Agriculture Farmers  
Home Administration Audit Program, December 1989  
(Accountant's Copy)
- Attachment No. 9 - Town of Reedsville Sewer Users Agreement  
(Applicant and Attorney Copies)
- Attachment No. 10 - Declination Statement (Applicant and  
Attorney Copies)
- Attachment No. 11 - Sample Credit Agreement (Applicant and  
Attorney Copies)
- Attachment No. 12 - Various other FmHA Forms as identified  
on Attachment No. 2

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

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 5.0% interest rate and a monthly amortization factor of .00491, which provides for a monthly payment of \$2,210.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be

electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account in an amount equal to at least 1/10th of your monthly debt service payment.

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

2. Security - The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and the lender (RUS) as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in Form FmHA 1942-31 and Form FmHA 1942-47 which are mentioned later.
3. Users - This conditional commitment is based upon your providing evidence that you will have at least 208 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of signed users agreements and a certification from you that identifies and attests to the number of users that are actually connected to and using the Town's existing sewer 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 Sewer Users Agreement will be used. Each user signing an agreement must make a users 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. Guide 3, FmHA Instruction 1942-A, "Service Declination Statement," a copy of which is enclosed, must be used. If a potential user refuses to sign either a users agreement or a declination statement, the individual making the contact for the Town should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

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

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

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

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Section 1942.19 of FmHA Instruction 1942-A. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Professional Services - You must obtain the services of an attorney and an engineer. For your convenience, Form RD 1942-19, "Agreement for Engineering Services" and Guide 14, "Legal Services Agreement" are attached for your use. Attachment No. 1 includes the cost of these services for planning purposes.
6. 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 FmHA 1927-9, "Preliminary Title Opinion," may be used. Also, in the case of existing systems or where the Town has 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 copy of the right-of-way easements for any rights-of-way needed on private lands. Form RD 442-20, "Right-of-Way Easement," may be used. Each easement need not be provided this office; however, each must be available for review. A copy of the easement being used must be provided.
  - e. A certification and legal opinion relative to title to rights-of-way and easements. Form FmHA 442-21, "Right-of-Way Certificate," and Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. These forms 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, new Forms, FmHA 442-21 and RD 442-22, must be provided which do not provide for any exceptions.
  - f. On the day of loan closing, the Town's attorney must furnish final title opinions on all land(s) being acquired. Form FmHA 1927-10, "Final Title Opinion" may be used. In the case of existing systems 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.
7. 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 (formerly DNR)
  - Public Land Corporation

8. Public Service Commission Approvals and Rates - You must determine that the Certificate of Convenience and Necessity which you now have from the Public Service Commission of West Virginia is adequate to cover the entire area to be served by the proposed system. If it is not adequate, a new certificate must be obtained and a copy provided for RUS. If it is determined the Town's present certificate is adequate, written evidence of that fact must be provided RUS. The Town must properly develop, adopt, and promulgate the required rates in accordance with the applicable provisions of Article I, Chapter 24 of the Code of West Virginia, as amended, and to the satisfaction of your bond counsel. The rate ordinance as adopted must include, as a minimum, all the rate related items (everything except project costs section, the use analysis section, and the operation and maintenance expense breakdown section) contained in the attached project planning factors (Attachment No. 1). The draft rate ordinance must be provided for RUS review and concurrence prior to its adoption.
9. Accounting - You must obtain the services of a qualified accountant. That accountant must agree (by letter) to develop and provide the following:
  - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42).
  - b. Prior to advertisement for bids, your accountant must state in writing that he will establish your accounts and records in accordance with the requirements of the ordinance, and the requirements of the Public Service Commission within 20 days from the notice to do such.
  - c. Prior to the start of construction, the accountant must certify that the accounts and records as required in (b) above have been established and are operational.

A representative of my office will review your accounts and records prior to authorizing the issuance of award(s) to the contractor(s). FmHA regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements for your Town. The attached booklet, "Standards for Audit of Governmental Organizations, Programs, Activities and Functions," (Attachment No. 7) and "U. S. Department of Agriculture Farmers Home Administration Audit Program," (December 1989) (Attachment No. 8) outlines audit requirements. You are reminded that certain provisions of Office and Management and Budget Circular A-128 are applicable to any public body that received \$100,000 or more in federal funds in any one year. You must enter into an agreement annually with an accountant (or the State Tax Commission) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia.

Audit Reports must be prepared to comply with the requirements of OMB Circular A-128.

10. Insurance and Bonding Requirements:

- a. Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:
  - (1) 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.
  - (2) Workers' Compensation - In accordance with appropriate State laws.
  - (3) Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). Form FmHA 440-24, "Position Fidelity Bond," may be used.
  - (4) 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:
    - (a) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
    - (b) 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.
  - (5) 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. You are, have been or may be approved to become, a recipient of Federal financial assistance from the United States Department of Agriculture. In the case of Paralyzed Veterans of America, et al, Plaintiff, V. William French Smith, et al, Defendants, United States District Court, Central District of California, No. 79-1979 WPG, the Honorable William P. Gray ordered the United States Department of Agriculture to notify you that as a recipient of such assistance you are required to comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. Sec. 794), even though the United States Department of Agriculture has not yet issued final regulations implementing Section 504 of the Rehabilitation Act.

Section 504 of the Rehabilitation Act is designed to assure that those who receive Federal financial assistance will not discriminate against handicapped persons. It provides in relevant part as follows:

"No otherwise qualified handicapped individual in the United States. . . shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Effective June 3, 1977, the Department of Health and Human Services issued final regulations implementing Section 504 as it applies to recipients of Federal financial assistance from that agency (45 C.F.R. Part 84). You may look to the HHS regulation for guidance as to your obligation under Section 504 of the Rehabilitation Act.

12. Contract Documents, Final Plans and Specifications:

a. The contract documents should consist of the following:

- (1) FmHA Instruction 1942-A, Guide 19, "Agreement," and Attachments 1-9 (Attachment No. 4) or other agreement approved by RUS.
- (2) FmHA Supplemental General Conditions (Guide 18, 4-6-92 Revised WV). One copy of this item is attached hereto (Attachment No. 6). Additional copies must be reproduced by the engineer.

- b. The Contract documents must provide, as a minimum, the following insurance:
- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000-\$200,000. (This coverage must include indemnification of the Town and its engineer.) FmHA Guide 18 suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
  - (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
  - (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. The enclosed Sample Credit Agreement (Attachment No. 11) is an acceptable agreement and may be used.
14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover RUS's proportionate share of any disbursements required of your Town, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The Town must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.
15. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other"

grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.

16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form FmHA 442-7 - "Operating Budget"  
Form FmHA 1940-1 - "Request for Obligation of Funds"  
Form FmHA 1942-31 - "Association Water or Sewer System Grant Agreement"  
Form FmHA 1942-47 - "Loan Resolution -- (Public Bodies)"  
Form FmHA 400-1 - "Equal Opportunity Agreement"  
Form FmHA 400-4 - "Assurance Agreement"  
Form AD 1047 - "Certification Regarding Debarment - Primary"  
Form AD 1049 - "Certification Regarding Drug-Free Workplace"  
Form FmHA 1910-11 - "Applicant Certification, Federal Collection Policies"  
FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"  
Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)

17. The enclosed Loan Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

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

Attached is a copy of Form FmHA 1942-31, "Association Water and Sewer System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

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

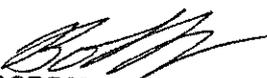
In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of Water and Waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

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

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

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

Sincerely yours,

  
BOBBY LEWIS  
State Director

Enclosures

cc: Administrator, RUS  
ATTN: Water and Waste  
Disposal Division  
Washington, DC

Rural Development Specialist  
Elkins, WV

Accountant

Sheila Williams  
Attorney at Law  
Kingwood, WV

Steptoe and Johnson  
Attorneys at Law  
Clarksburg, WV

Cerrone and Associates  
Wheeling, WV

Attachment No. 1 to Letter of Conditions  
 Dated: April 14, 1997  
 For: Town of Reedsville

Project Planning Factors

The following estimates are to be used as a basis for project planning and must not be changed without prior approval of RUS:

<u>Project Costs</u>	<u>SCB Grant</u>	<u>RUS Grant</u>	<u>RUS Loan</u>	<u>Total</u>
Administration	\$ 40,000			\$ 40,000
Construction	578,300	\$393,100	\$278,600	1,250,000
Construction Contg.	46,300	31,400	22,300	100,000
Land and Rights	7,000	4,700	3,300	15,000
Legal Fees	4,200	2,800	2,000	9,000
Engineering Fees	106,000	72,000	51,000	229,000
Basic \$100,600				
Insp. 81,000				
Spec. 47,400				
Bond Counsel	5,200	3,400	2,400	11,000
Interest			45,000	45,000
WDA Repayment			39,700	39,700
Proj. Contg.	9,000	6,600	5,700	21,300
TOTALS	\$796,000	\$514,000	\$450,000	\$1,760,000

Rates

Minimum Charge

Available for general domestic, commercial and industrial service.

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

First	3,000 gals.	@ \$6.50 per M gals.
Next	3,000 gals.	@ \$5.00 per M gals.
Next	4,000 gals.	@ \$3.75 per M gals.
Next	10,000 gals.	@ \$2.30 per M gals.
Over	20,000 gals.	@ \$1.70 per M gals.
5/8" x 3/4" meter	- \$	19.50 per month
3/4" meter	- \$	29.25 per month
1" meter	- \$	48.75 per month
1 1/2" meter	- \$	97.50 per month
2" meter	- \$	156.00 per month
3" meter	- \$	292.50 per month
4" meter	- \$	487.50 per month
6" meter	- \$	975.00 per month
8" meter	- \$	1,560.00 per month

(Minimum Monthly Bill \$19.50 for 3,000 gallons)

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

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

Reconnection Charge

\$20.00

Use and Income Analysis

87 users @	3,000 gallons @	\$ 19.50 per user =	\$1,696.50 monthly
39 users @	4,000 gallons @	\$ 24.50 per user =	\$ 955.50 monthly
32 users @	5,000 gallons @	\$ 29.50 per user =	\$ 944.00 monthly
22 users @	6,000 gallons @	\$ 34.50 per user =	\$ 759.00 monthly
12 users @	7,000 gallons @	\$ 38.25 per user =	\$ 459.00 monthly
5 users @	8,000 gallons @	\$ 42.00 per user =	\$ 210.00 monthly
1 users @	9,000 gallons @	\$ 45.75 per user =	\$ 45.75 monthly
1 users @	10,000 gallons @	\$ 49.50 per user =	\$ 49.50 monthly
2 users @	11,000 gallons @	\$ 51.80 per user =	\$ 103.60 monthly
2 users @	12,000 gallons @	\$ 54.10 per user =	\$ 108.20 monthly
2 users @	16,000 gallons @	\$ 63.30 per user =	\$ 126.60 monthly
1 users @	18,000 gallons @	\$ 67.90 per user =	\$ 67.90 monthly
1 users @	29,000 gallons @	\$ 87.80 per user =	\$ 87.80 monthly
1 users @	50,000 gallons @	\$123.50 per user =	\$ 123.50 monthly

208 Total Users

\$5,736.85 Monthly Revenue x 12 = \$68,842.20 Annual Revenue

Budget

Income		\$68,842.20
Expenses		
O & M	\$39,000	
*Debt Service	26,520	
**Reserve	2,652	
		\$68,172.00
Balance and Depreciation		\$ 670.20

Operating and Maintenance Expenses

Salaries and Taxes	
Utilities	\$20,000
Supplies	\$ 5,000
Maintenance	\$ 1,000
Renewal and Replacement	\$ 7,000
Miscellaneous Expenses	\$ 5,000
	\$ 1,000
TOTAL	\$39,000

Existing D/S - N/A  
Proposed D/S - \$26,520.00  
Total - \$26,520.00

Existing D/S Reserve - N/A  
Proposed D/S Reserve - \$2,652.00  
Total - \$2,652.00

Attachment No. 2 to  
 Letter of Conditions  
 Dated: April 14, 1997  
 For: Town of Reedsville

UNITED STATES DEPARTMENT OF AGRICULTURE  
 RURAL UTILITIES SERVICE  
 Table of Contents  
 Loan and Grant  
 Water and Sewer Systems

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
SF 424	Application for Federal Assistance	0 & 2	1942.2 (a) (1)	App.		Have	3
	Regional Planning & Development Council Review	2	1942.2 (a) (1)	App.		Have	3
	State Clearing-house Review or IJDC Review	2	1942.2 (a) (1)	App.		Have	3
Guide 7/8	Preliminary Engr. Report	2	1942.18 (c)	Engr.		Have	6
	Bond Ordn. or Resol. on Outstanding Debts	1	1942.17 (h)	App./Att.		N/A	2
	Bonds or Notes Outstanding Debts	1	1942.17 (h)	App./Att.		N/A	2
	Audit for last year of operation	1	1942.17 (h)	App./Att.		Have	1
AD 1049	Certification Regarding Drug-Free Workplace	1	1940-M 1940.606 (b) (2)	App.			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	App.			5
	Organizational Documents	1	1942.17 (b) (4)	App./Att.			5
1940-20	Request for Env. Info.	2	1942.17 (j) (7)	App./Eng.		Have	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Env. Assessment for Class II Actions (Exhibit H, 1940-G)	2	1942.17 (j) (7)	RUS		Have	3
	Statement from State Historical Preservation Office	2	1940.304 (d)	App.		Have	3
	Comments from Dept. of Commerce, Labor & Environ. Resources (DEP)	2	1940.304 (d)	App.		Have	3
	Comments from U.S. Fish & Wildlife Service (Endangered Species)	2	1940.304 (d)	App.		Have	3
	Comments from U.S. Forest Service (Wild & Scenic Rivers)	2	1940.304 (d)	App.		N/A	3
	Comments from Advisory Council on Historic Preservation	2	1940.304 (d)	App.		N/A	3
	Brief Stmt. telling how facility will be operated	1	1942.17 (b) (3)	App.		Have	5
	Copy of Existing Rate Tariff	2	1942.17 (h)	App.			8
	Bill analysis for existing system(s)	2	1942.17 (h) (2)	App./ Engr./ Acct.		Have	8
	Projected Bill analysis for new users	2	1942.17 (h) (2)	App./ Engr./ Acct.		Have	8

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Statement reporting the <u>total</u> number of <u>potential</u> users		1942.17 (h) (2) (i) (A)	App./ Engr./ Acct.		Have	8
	Breakdown of sewer cost to show treatment, collection, elig. and inelig.	2	1942-A Guide 8	Engr.		Have	8
1942-19	Agreement for Engineering Services	3	1942.17 (1) (1)	App./Engr.			6
	Legal Services Agreement		Guide 14 1942.17 (1) (1)	App./Engr.			5
	Documentation on Service Area	1	1942.5 (a)	RUS		Have	3
	Written Certification from Applicant that "Other" credit is <u>NOT</u> available	2	1942.17 (b) (3)	App.		Have	3
	RUS determin. on the availability of other credit	2	1942.17 (b) (3)	RUS		Have	3
	Documentation from lender(s) regarding the availability of other credit	2	1942.17 (b) (3)	RUS		Have	3
	Documentation on Historical and Archaeological Assessments	2	1901-F 1901.255 (2)	RUS		Have	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Copy of Certification of Publication and related Environmental Information	2	1940-G 1940.331(c)	App.			3
	Project Planning Factors	4	S/Office	RUS		Have	3
1942-51	Grant Determination	3	1942-H 1942.364	RUS		Have	2
	Finding of No Significant Impact (FONSI)	2	1940-G 1940.314	RUS		Have	3
	Evidence of Public Meeting Minutes	2	1942.17 (j) (9)	App.			3
AD 622	Notice of Preapplication Review	0 & 3	1942.17 (m) (4)	RUS		Have	3
SF 424	Application for Federal Assistance	0 & 1	1942.17 (m) (5)	App.			3
FmHA Inst. 1940-Q Exh. A-1	Certification for Contracts, Grants and Loans	0 & 1	1940-Q	App.		Have	5
SF LLL	Disclosure of Lobbying Activities	0 & 1	1940-Q Exh. A	App.		N/A	5
1942-45	Project Summary	0 & 2	1942.5 (a) (1)	RUS		Have	1
442-3	Balance Sheet	0 & 1	1942.17(h)	App.		Have	1
442-7	Operating Budget	0 & 2	1942.17(h)	App.			3
1942-14	Project Fund Analysis	0 & 4	1942.5(c)	RUS		Have	2
Guide 26	CP Program Project Selection Criteria	2	1942-A	RUS		Have	2

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
1942-46	Letter of Conditions	7	1942.5 (c)	RUS		Have	3
1940-1	Letter of Intent to Meet Conditions	2	1942.5 (c)	App.			3
1942-31	Request for Obligation of Funds	4	1942.5 (c) (3)	RUS/App.			2
1942-31	Written Request from Applicant for the Lower Interest Rate	2	1942.17 (f) (1)	RUS/App.			2
AD 1047	Association Water or Sewer System Grant Agreement	2	1942-H 1942.367 (f)	RUS/App.			2
AD 1047	Evidence of "Other" Funds	1	1942.17 (n) (6)	App.			2
AD 1047	Water (Sewer) Users Agreement (Copy)	1	1942.17 (h) (2) (B)	App.			5
AD 1048	Certification Regarding Debarment (Primary)	1	1940-M 1940.606 (b) (1)	App.		Have	5
AD 1048	Certification Regarding Debarment (Contractor)	1 ea	1940-M 1940.606 (b) (1)	All Appropriate Vendors			5
1910-11	Applicant Certification, Federal Collection Policies	1	1942.5 (a) (1) (i)	App.		Have	3
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	App.			Sep. File

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	2. List of Signed Users Numbered to Map	1	LOC	App.			5
	3. List of Declination Statements Numbered to Map	1	LOC	App.			5
	4. Evidence of Tap Fees Being Paid	1	LOC	App.			5
	5. Having Users Agreements and Declination Statements Available		LOC	App.			
	Positive Program to Encourage Connections When Completed	1	1942.17 (h) (2) (iii)	App.			5
	Verification of Users	1	1942.6 (b)	RUS			3
	Preliminary Bond Transcr. Documents w/no Defeasance Provisions	2	1942.17 (j) (6) (ii)	B. Counsel			2
	Right-of-Way Map	1	Form FmHA 1942-19	Engr.			Sep. File
	Deeds and/or Options		1942.17 (j) (4) (i)	App./Att.			
1927-9	Preliminary Title Opinion	1	1942.17 (j) (4) (i)	App./Att.			5
1927-10	Final Title Opinion	1	1942.17 (j) (4) (i)	App./Att.			5
	Narrative Opinion from Attorney	1	LOC	Att.			5
442-20	Right-of-Way Easement	1	1942.17 (j) (4) (i)	App.			5

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
442-21	Right-of-Way Certificate	1	1942.17 (j) (4) (i)	App.			5
442-22	Opinion of Counsel Relative to R/Way		1942.17 (j) (4) (i)	Att.			5
1942-47	Loan Resolution	1	1942.17 (n) (2)	App.			5
	Copy of PSC Rule 42 Exh.	1	State	Att./Acct.			3
	Agreement with Accountant	1	1942.17 (l) (1)	App./Acct.			6
	Interim Financing Agreement	1	1942.17 (n) (3)	App./Att.			1
400-1	Equal Opportunity Agreement	1	1942.17 (n) (2) (x)	App.			6
400-4	Assurance Agreement	1	1942.17 (n) (2) (x)	App.			3
	Bond Transcript Documents w/no Defeasance Provisions	3	1942.17 (j) (6) (ii)	B. Counsel			Sep. File
	OGC Closing Instructions	1	1942.17 (n) (4)	RUS			5
	S/O Closing Instructions	1	1942.17 (n) (4)	RUS			5
	DOH Permit	1	1942.17 (k)	App.			6
	Railroad Permits	1	1942.17 (k)	App.			6
	Public Land Corp. Permit	1	1942.17 (k)	App.			6

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Contract Documents, Plans and Specs.	2	1942.18	Engr.			Sep. File
	Dept. of Health Approval	1	1942.17(k)	Engr.			6
	Dept. of Environmental Protection Permit	1	1942.17(k)	Engr.			6
	Accountant's Certification on Accounting System	1	1942.17 (q) (1)	Acct.			3
	RUS Approval of Accounting System		1942.17 (q) (1) (ii)	App./RUS			3
400-8	Comp. Review	1	1901-H 1901.204	RUS			5
1924-16	Record of Preconstruction Conference	1	1942.18 (o) (1)	RUS/Engr.			6
	Bid Tabulation	1	1942.18(k)	Engr.			6
	Recommendation of Award	1	1942.18 (j) (8)	Engr.			6
	Recommendation of Award	1	1942.18 (j) (8)	App.			6
	Contract Documents with required Ins. and Bonds	2		App./Engr.			Sep. File
	Resume' of Inspector	1	1942.18 (o) (3)	Engr.			6
	Liability Insurance		1942.17 (j) (3) (iii)	App.			7
	Workers' Compensation Certificate	1	1942.17 (j) (3) (iii)	App.			7

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
440-24	Flood Insurance Policy	1	1942.17 (j) (3) (iii)	App.			7
	Fidelity Bond	1	1942.17 (j) (3) (ii)	App.			7
	OGC Final Opinion	1	1942.17 (o) (4)	RUS			5



United States  
Department of  
Agriculture

Rural Development

BOND COUNSEL

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

June 28, 1999

The Honorable Robert Burke  
Mayor, Town of Reedsville  
P.O. Box 497  
Reedsville, WV 26547

COPY

RE: Amendment No. 1 to  
Letter of Conditions

Dear Mayor Burke:

This letter, with Attachment No. 1 amends the letter of conditions dated April 14, 1997 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$450,000, an RUS grant in the amount of \$514,000, and other funding in the amount of \$949,000 for a total project cost of \$1,913,000. The other funding is planned in the form of a grant from the HUD Small Cities Block Grant program.

Subject to the requirements noted herein, all of the conditions of the April 14, 1997 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

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

Enclosed are the following:

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

Rural Development is an Equal Opportunity Lender. Complaints of  
discrimination should be sent to: Secretary of Agriculture,  
Washington, DC 20250.



The conditions referred to above are as follows:

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

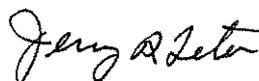
Form RD 442-7 - "Initial Operating Budget"  
 Form RD 1942-46 - "Letter of Intent to Meet Conditions"

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

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

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

Sincerely,



for BOBBY LEWIS  
 State Director

Enclosures

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

RUS Rural Development Specialist  
 Elkins, WV

Accountant

Sheila K. Williams  
 Attorney at Law  
 Kingwood, WV

Steptoe and Johnson  
 Attorneys at Law  
 Clarksburg, WV

Cerrone and Associates  
 Consulting Engineers  
 Wheeling, WV

Project Construction Budget

<u>Project Cost</u>	<u>SCB Grant</u>	<u>RUS Grant</u>	<u>RUS Loan</u>	<u>Total</u>
Tap Fee			\$150,000	\$150,000
Construction	\$931,000	\$239,700	91,300	1,262,000
Construction Contg.		100,000		100,000
Land and Rights			15,000	15,000
Legal Fees		2,000	9,000	11,000
Engineering Fees		151,000	89,000	240,000
Basic \$110,600				
Inspection \$76,000				
Special \$53,400				
Bond Counsel			11,000	11,000
Interest			45,000	45,000
Administration	18,000			18,000
Project Contg.		21,300		21,300
WDA Repayment			39,700	39,700
<b>TOTALS</b>	<u>\$949,000</u>	<u>\$514,000</u>	<u>\$450,000</u>	<u>\$1,913,000</u>

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

First	3,000 gals. @	\$6.50 per M gals.
Next	3,000 gals. @	\$5.00 per M gals.
Next	4,000 gals. @	\$3.75 per M gals.
Next	10,000 gals. @	\$2.30 per M gals.
Over	20,000 gals. @	\$ 1.70 per M gals.

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

5/8" x 3/4" meter -	\$19.50 per month
3/4" meter -	\$29.25 per month
1" meter -	\$48.75 per month
1 1/2" meter -	\$97.50 per month
2" meter -	\$156.00 per month
3" meter -	\$292.50 per month
4" meter -	\$487.50 per month
6" meter -	\$975.00 per month
8" meter -	\$1,560.00 per month

Minimum Monthly Bill \$19.50 for 3,000 gallons

---

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

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

Reconnection Charge

\$20.00

Use and Income Analysis

87	users @	3,000	gallons @	\$19.50	per user =	\$1,696.50	monthly
39	users @	4,000	gallons @	\$24.50	per user =	\$955.50	monthly
32	users @	5,000	gallons @	\$29.50	per user =	\$944.00	monthly
22	users @	6,000	gallons @	\$34.50	per user =	\$759.00	monthly
12	users @	7,000	gallons @	\$38.25	per user =	\$459.00	monthly
5	users @	8,000	gallons @	\$42.00	per user =	\$210.00	monthly
1	users @	9,000	gallons @	\$45.75	per user =	\$45.75	monthly
1	users @	10,000	gallons @	\$49.50	per user =	\$49.50	monthly
2	users @	11,000	gallons @	\$51.80	per user =	\$103.60	monthly
2	users @	12,000	gallons @	\$54.10	per user =	\$108.20	monthly
2	users @	16,000	gallons @	\$63.30	per user =	\$126.60	monthly
1	users @	18,000	gallons @	\$67.90	per user =	\$67.90	monthly
1	users @	29,000	gallons @	\$87.80	per user =	\$87.80	monthly
1	users @	50,000	gallons @	\$123.50	per user =	\$123.50	monthly

208 Total Users

\$5,736.85 Monthly Revenue x 12 = \$68,842.20 Annual Revenue

Budget

## Income

\$68,842.20

## Expenses

O &amp; M

\$39,000

\*Debt Service

26,520

\*\*Debt Service Reserve

1,326

\*\*\*Depreciation Reserve

1,326

---

 \$68,172.00

## Balance and Depreciation

---

 \$ 670.20
Operating and Maintenance Expenses

Salaries and Taxes

\$10,900

Utilities

2,300

Transportation

2,000

Maintenance

1,800

Insurance and Miscellaneous

3,500

Treatment

18,500

TOTAL

---

 \$39,000

\*Existing Debt Service -

\$ 0

Proposed Debt Service -

26,520

Total Debt Service -

---

 \$26,520

\*\* Existing Debt Service Reserve

\$ 0

Proposed Debt Service Reserve

1,326

Total Debt Service Reserve

---

 \$1,326

\*\*\* Existing Depreciation Reserve

\$ 0

Proposed Depreciation Reserve

1,326

Total Depreciation Reserve

---

 \$1,326



United States  
Department of  
Agriculture

Rural  
Development

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

July 23, 2001

COPY

The Honorable Robert Stone  
Mayor, Town of Reedsville  
P.O. Box 497  
Reedsville, WV 26547

RE: Amendment No. 2 to Letter of Conditions

Dear Mayor Stone:

This letter, with Attachment No. 1 amends the letter of conditions dated April 14, 1997 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$450,000, and RUS grant in the amount of \$514,000, and other funding in the amount of \$949,000, for a total project cost of \$1,913,000. The other funding is planned in the form of a grant from the Housing and Urban Development Small Cities Block Grant Program.

Subject to the requirements noted herein, all of the conditions of the April 14, 1997 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

The interest rate for the \$450,000 loan will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

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

Enclosed are the following:

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

The conditions referred to above are as follows:

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

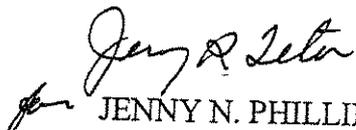
Form RD 1942-46 - "Letter of Intent to Meet Conditions"

2. The Town must enter into a sewer treatment contract with the Town of Masontown. You should submit the agreement to Rural Utilities Service and the West Virginia Public Service Commission for review and concurrence.

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

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

Sincerely yours,

  
JENNY N. PHILLIPS  
State Director

Enclosures

cc: Rural Development Manager, Elkins  
ATTN: Rural Utilities Service

Roth and White, CPA  
Kingwood, WV

Sheila Kae Williams  
Attorney at Law  
Kingwood, WV

Steptoe and Johnson, PLLC  
Attorneys at Law  
Clarksburg, WV

Cerrone and Associates  
Consulting Engineers  
Wheeling, WV

Attachment No.1 to Amended Letter of Conditions  
 For: Town of Reedsville  
 Date: July 23, 2001

PROJECT CONSTRUCTION BUDGET  
 TOWN of REEDSVILLE

<u>PROJECT COST</u>	<u>SCBG</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 425,400	\$ 338,300	\$ 216,987	\$ 980,687
CONST. CONTINGENCY 7.5%		\$ 44,800	\$ 28,700	\$ 73,500
LAND & RIGHTS		\$ 9,100	\$ 5,900	\$ 15,000
LEGAL FEES		\$ 6,700	\$ 4,300	\$ 11,000
ACCOUNTING		\$ 600	\$ 400	\$ 1,000
ADMINISTRATION (SCBG)	\$ 18,000			\$ 18,000
BOND COUNSEL		\$ 8,200	\$ 5,300	\$ 13,500
ENGINEERING FEES	\$ 110,600	\$ 78,000	\$ 50,000	\$ 238,600
Basic Fee - \$110,600				
Inspection - \$76,000				
Special Services - \$52,000				
Stakeout - \$20,000				
Startup/Warranty - \$12,400				
Property Survey - \$7,000				
O & M Manual - \$10,000				
ROW Assistance - \$2,600				
EMERGENCY REPAIR LOAN			\$ 45,500	\$ 45,500
WDA REPAYMENT			\$ 29,752	\$ 29,752
INTEREST			\$ 45,000	\$ 45,000
TESTING		\$ 1,200	\$ 800	\$ 2,000
CONNECTION FEE	\$ 380,000			\$ 380,000
PERMITS & FEES	\$ 10,000			\$ 10,000
EQUIPMENT		\$ 8,500	\$ 5,500	\$ 14,000
LMI ASSESSMENT	\$ 5,000			\$ 5,000
PROJECT CONTG.		\$ 18,600	\$ 11,861	\$ 30,461
<b>TOTAL</b>	<b>\$ 949,000</b>	<b>\$ 514,000</b>	<b>\$ 450,000</b>	<b>\$ 1,913,000</b>

Rates

Available for general domestic, commercial and industrial service.

First	3,000 gals. @	\$6.50 per M gals.
Next	3,000 gals. @	\$5.00 per M gals.
Next	4,000 gals. @	\$3.75 per M gals.
Next	10,000 gals. @	\$2.30 per M gals.
Over	20,000 gals. @	\$1.70 per M gals.

Mimimum Charge

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

5/8" x 3/4" meter -	\$19.50 per month
3/4" meter -	\$29.25 per month
1" meter -	\$48.75 per month
1 1/2" meter -	\$97.50 per month
2" meter -	\$156.00 per month
3" meter -	\$292.50 per month
4" meter -	\$487.50 per month
6" meter -	\$975.00 per month
8" meter -	\$1,560.00 per month

(Minimum Monthly Bill \$19.50 for 3,000 gallons)

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

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

Reconnection Charge

\$20.00

Use and Income Analysis

87 users @ 3,000 gallons @ \$19.50 per user = \$1696.50 monthly  
 39 users @ 4,000 gallons @ \$24.50 per user = \$955.50 monthly  
 32 users @ 5,000 gallons @ \$29.50 per user = \$944.00 monthly  
 22 users @ 6,000 gallons @ \$34.50 per user = \$759.00 monthly  
 12 users @ 7,000 gallons @ \$38.25 per user = \$459.00 monthly  
 5 users @ 8,000 gallons @ \$42.00 per user = \$210.00 monthly  
 1 users @ 9,000 gallons @ \$45.75 per user = \$45.75 monthly  
 1 users @ 10,000 gallons @ \$49.50 per user = \$49.50 monthly  
 2 users @ 11,000 gallons @ \$51.80 per user = \$103.60 monthly  
 2 users @ 12,000 gallons @ \$54.10 per user = \$108.20 monthly  
 2 users @ 16,000 gallons @ \$63.30 per user = \$126.60 monthly  
 1 users @ 18,000 gallons @ \$67.90 per user = \$67.90 monthly  
 1 users @ 29,000 gallons @ \$87.80 per user = \$87.80 monthly  
 1 users @ 50,000 gallons @ \$123.50 per user = \$123.50 monthly

208 Total Users

\$5,736.85 Monthly Revenue x 12 = \$68,842.20 Annual Revenue

Budget

Income		\$68,842.20
Expenses		
O & M	\$ 39,000	
*Debt Service	26,520	
**Debt Service Reserve	1,326	
***Depreciation Reserve	1,326	
		\$68,172.00
Balance and Depreciation		\$670.20

Operating and Maintenance Expenses

Salaries and taxes	\$10,900	
Utilities	2,300	
Transportation	2,000	
Maintenance	1,800	
Insurance and Miscellaneous	3,500	
Treatment	18,500	
TOTAL		\$ 39,000

*Existing Debt Service -	\$	0
Proposed Debt Service -		26,520

Total Debt Service -		\$26,520
----------------------	--	----------

** Existing Debt Service Reserve	\$	0
Proposed Debt Service Reserve		1,326

Total Debt Service Reserve	\$	1,326
----------------------------	----	-------

*** Existing Depreciation Reserve	\$	0
Proposed Depreciation Reserve		1,326

Total Depreciation Reserve	\$	1,326
----------------------------	----	-------



WDA RECEIPT FOR PAYMENT OF STEP I LOAN

The undersigned, duly authorized representative of the West Virginia Water Development Authority (the "Authority"), as holder of the Valley Sanitary District STEP I Loan, dated December 24, 1975, in the original principal amount of \$12,000 (the "STEP I Loan"), hereby certifies and declares that on the date hereof, the undersigned received the sum of \$3,030 from the Town of Reedsville (the "Town") and that such sum is sufficient to pay the Town's portion of the principal amount of and the service fee for the STEP I Loan. The remainder of the STEP I Loan has been paid as of the date hereof by the Town of Masontown.

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

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

Barbara B Meadows  
Authorized Representative

08/15/01  
745200/97001

Town of Reedsville  
Sewer Project Construction Acct.

69-259/515

01

DATE August 22, 2001

West Virginia Water Development Authority \$ 3,030.00

PAY TO THE ORDER OF

Three thousand thirty and xx/100 DOLLARS



MEMO Repayment of Valley Sanitary District SHEP-I-1001

*Landy McLe, Recorder*  
*Robert Stone, Mayor*

⑆051502599⑆ 18 54127⑈

© DELINE WALSH OR DUPLICATE ©

CENTURY

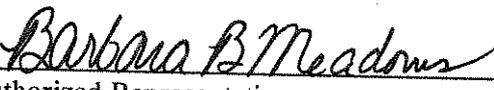


WDA RECEIPT FOR PAYMENT OF STEP II LOAN

The undersigned, duly authorized representative of the West Virginia Water Development Authority (the "Authority"), as holder of the Valley Sanitary District STEP II Loan, dated March 6, 1980, in the original principal amount of \$105,829 (the "STEP II Loan"), hereby certifies and declares that on the date hereof, the undersigned received the sum of \$26,721.57 from the Town of Reedsville (the "Town") and that such sum is sufficient to pay the Town's portion of the principal amount of and the service fee for the STEP II Loan. The remainder of the STEP II Loan has been paid as of the date hereby by the Town of Masontown.

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

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

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

08/15/01  
745200/97001

Town of Reedsville  
Sewer Project Construction Acct.

88-259/616

02

DATE August 22, 2001

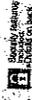
PAY TO THE  
ORDER OF

West Virginia Water Development Authority

\$ 26,721.57

Twenty-six thousand seven hundred twenty one and 57/100

DOLLARS



MEMO: District SIPP II Loan  
Department of Valley Sanitary

*Sandy Mceli, Recorder*  
*Richard Stone, Mayor*

1:0515025991: 18 5412711



TOWN OF REEDSVILLE

RECEIPT FOR PAYMENT OF BANK LOAN

The undersigned, duly authorized representative of Bruceton Bank, as holder of a loan dated November 21, 2000, in the original principal amount of \$39,610 (the "Bank Loan"), hereby certifies and declares that on the date hereof, the undersigned received the sum of \$37,725.04 from the Town of Reedsville (the "Town") and that such sum is sufficient to pay the principal of and the interest on the Bank Loan.

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

BRUCETON BANK

  
\_\_\_\_\_  
Branch Manager

08/15/01  
745200/97001

CH697147.2





LOAN RESOLUTION  
(Public Bodies)A RESOLUTION OF THE Town CouncilOF THE TOWN OF REEDSVILLEAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
sewer system improvements

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the TOWN OF REEDSVILLE*(Public Body)*

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

Four Hundred fifty thousand dollars (\$450,000)pursuant to the provisions of Chapter 16, Article 13, West Virginia Code; and**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association;**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.



CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as \_\_\_\_\_ of the TOWN OF REEDSVILLE

hereby certify that the Town Council of such Association is composed of

\_\_\_\_\_ members, of whom \_\_\_\_\_ constituting a quorum, were present at a meeting thereof duly called and

held on the \_\_\_\_\_ day of \_\_\_\_\_; and that the foregoing resolution was adopted at such meeting

by the vote shown above. I further certify that as of \_\_\_\_\_ the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this \_\_\_\_\_ day of \_\_\_\_\_

Robert Stone

Title Mayor



WATER OR WASTE SYSTEM GRANT AGREEMENT  
UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

THIS AGREEMENT dated \_\_\_\_\_ between  
TOWN OF REEDSVILLE

a public corporation organized and operating under \_\_\_\_\_

Chapter 16, Article 13, West Virginia Code

*(Authorizing Statute)*

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor." WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$1,913,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$1,399,000 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 \$1,399,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$514,000 or 27 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 27 percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

- B. Permit periodic inspection of the construction by a representative of Grantor during construction.
- C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
- D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated \_\_\_\_\_, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.
- E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.
- F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.
- G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.
- H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.
- I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.
- J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.
- K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.
  - 1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.
  - 2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

**This Grant Agreement covers the following described real property (use continuation sheets as necessary).  
The sewer system and all appurtenances thereto to the Town of Reedsville, and all land and rights-of-way associated thereto.**

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

- (c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.
- (d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
- (e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

**This Grant Agreement covers the following described equipment (use continuation sheets as necessary). All tangible items together with all appurtenant furnishings, vehicles, and equipment, including all accessions, repairs and replacements associated with the proposed facility.**

**M. Provide Financial Management Systems which will include:**

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

**N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.**

**O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.**

**P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.**

**Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.**

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:  
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.  
[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

**Grantor Agrees That It:**

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$514,000 which it will advance to Grantee to meet not to exceed 27 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 1 above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

\_\_\_\_\_

and attested and its corporate seal affixed by its duly authorized

\_\_\_\_\_

Attest: *Sandy McEl*, Recorder

By \_\_\_\_\_

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

By *Robert Stone*

(Title) *Mayor*

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By \_\_\_\_\_

(Title)





STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25305

CECIL H. UNDERWOOD  
GOVERNOR

September 15, 1999

The Honorable Robert Stone  
Mayor  
Town of Reedsville  
Post Office Box 397  
Reedsville, West Virginia 26547

Dear Mayor Stone:

On December 15, 1998, the town of Reedsville received a commitment of \$949,000 in Small Cities Block Grant funds for the construction of a new wastewater treatment facility and rehabilitation of portions of the existing collection system.

The SCBG award was based upon your immediate need for funds; and, therefore, only \$449,000 was made available from the FY1998 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the town's ability to proceed with this worthwhile community development project, I am committing the remaining \$500,000 from the FY1999 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

The West Virginia Development Office reserves the ability to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to work with you to make this improvement a reality for the citizens of Reedsville.

Very sincerely,

A handwritten signature in black ink, appearing to be "Cecil H. Underwood", written over a circular scribble.

Cecil H. Underwood

CHU:tra

cc: Region VI

**WEST VIRGINIA DEVELOPMENT OFFICE  
GRANT AWARD**

<b>Grant Number:</b> 00-057	
<b>CFDA Number:</b> 14.228	<b>State Acct. No.:</b> 8746-2000-0307-096-128
<b>Fiscal Year:</b> 2000	<b>Program Name:</b> SCBG
<b>Grantee Name &amp; Address:</b>  Town of Reedsville P. O. Box 497 Reedsville, WV 26547	<b>F.E.I.N.:</b> 550-637-757
<b>Grant Period:</b> From: December 15, 1998 To: December 15, 2001	
<b>Project Name:</b> Sewer System	
<b>Grant ID:</b> B98DC540001	
<b>Project Number:</b> 98SCBG0033X	

**Project Description**

Shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary for functions necessary to reconstruct the town's sewer system.

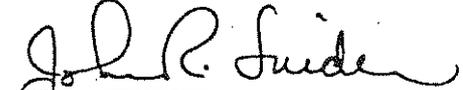
**Change Orders**

**Number:**                      **Date:**                      **Purpose:**

TERMS AND CONDITIONS ARE ON FILE IN THE WEST VIRGINIA DEVELOPMENT OFFICE AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL \_\_\_\_\_, PROCESSED ON OR ABOUT \_\_\_\_\_.

PAYMENT NUMBER \_\_\_\_\_.

**TOTAL AMOUNT OF THIS GRANT \$**                      449,000.00

**Authorized Signature:** 

**Title:** Executive Director

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

**SMALL CITIES BLOCK GRANT CONTRACT**

between the

**WEST VIRGINIA DEVELOPMENT OFFICE**

and the

**TOWN OF REEDSVILLE**

**MAY 18 1999**

**THIS AGREEMENT**, entered into this 15th day of December, 1998, by the West Virginia Department of Finance and Administration on behalf of the West Virginia Development Office, hereinafter called the "State," and the town of Reedsville and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

**WITNESS THAT:**

**WHEREAS**, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, subject to the applicable regulations of the Department of Housing and Urban Development, including but not limited to 24 CFR Part 570, Sub-Part I, as amended or revised, and subject to the scope of the State of West Virginia's Grants Management Handbook and other Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

**WHEREAS**, the Grantee has identified its housing and community development needs, including those of low- and moderate-income persons and the activities to be undertaken to meet such needs.

**WHEREAS**, the Grantee has prepared a written citizen's participation plan which provides opportunities for citizen participation, hearings, and access to information with respect to the proposed project statement in such a manner as to afford affected citizens an opportunity for examination and comment regarding the proposed project and on the community development performance of the Grantee, a Community Development Plan, and an Anti-displacement and Relocation Assistance Plan.

WHEREAS, the Grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low- and moderate-income families, or aid in the prevention or elimination of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. **Assistance to Grantee.** The State shall obligate to the Grantee, from funds allocated to the State by Grant Agreement B-98-DC-54-0001, \$449,000 to perform such tasks hereafter described in the Scope of Services.

2. **Scope of Services.** The Grantee, or its designated agent, in accordance with the Grants Management Handbook and other Program Guidelines to be used in administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform, and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to reconstruct the town's sewer system.

3. **Changes.** The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments to this Contract. Major changes in the Scope of Services which substantially deviate from that originally approved shall require the same citizen participation process as performed for the initial submission of the grant proposal. The State reserves the right to make final determination on questions regarding changes in the Scope of Services.

4. **Time of Performance.** The Grantee will commence its duties under this Contract on December 15, 1998, and such duties shall be undertaken and completed in

such sequences as to assure their expeditious completion in light of the purpose of the Contract; but, in any event, all of the services required hereunder shall be completed by December 15, 2001. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. **Performance Measures.** Performance measures establish that the Grantee should have all other funding in place and design and engineering completed within twelve months. Furthermore, construction should be started within eighteen months after the execution of this Agreement by both parties. These performance measures establish goals against which performance under this contract can be measured and evaluated during regular scheduled monitoring visits by the State.

6. **Administrative Requirements and Procedures.**

(A) *Personnel.* The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the State, consistent with the procedures identified in the Grants Management Handbook.

(B) *Applicable Law.* The Grantee, its agents, and subrecipients shall comply with all the restrictions, conditions, policies, guidelines, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended; with all applicable State and Federal Laws and regulations including 24 CFR Part 570; 24 CFR Part 85; OMB Circulars A-87, A-110, A-122, and A-133, as applicable, in administering and distributing funds provided under this Agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Implementing regulations are found in 24 CFR Part I.

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601-20 et. seq.) popularly known as the Fair Housing Act which provides for fair housing throughout the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. The Grantee further certifies that it will take actions necessary to affirmatively further fair housing.

(3) Executive Order 11063, as amended by Executive Order 12259, requires that taking of all actions necessary and appropriate to prevent discrimination because of race, color, religion (creed), sex, or national origin, in the sale, leasing, rental, or other disposition of residential property and related facilities (including land to be developed for residential use), or in the use of occupancy thereof. Implementing regulations are contained in 24 CFR 107.

(4) Section 109 of P.L. 93-383 requires that no person in the United States shall, on the grounds of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with community development funds.

Section 109 of the Act further provides any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et. seq.) or with respect to an otherwise qualified handicapped person as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall also apply.

(5) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In addition, the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(6) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701U) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government or metropolitan area or nonmetropolitan county in which the project is located, and that Contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area.

(7) Executive Order 11246, as amended by Executive Order 12086 shall apply and provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts.

(8) Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831b) prohibits the use, and requires the elimination and/or abatement as far as practical, the hazards of lead-based paints in residential structures constructed or rehabilitated with Federal assistance to include notification of the hazards of lead-based paint. Grantees may use HUD's guidance on lead-based paint elimination that is contained at 24 CFR Part 35.

(9) The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(g) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands, (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Water Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act ; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part

51, Subpart B, Noise Abatement and Control; (n) Subpart C - Siting of HUD Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (o) and Subpart D - Siting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities), the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

(10) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601) and HUD implementing regulations at 24 CFR Part 42 apply to the acquisition of real property for an activity assisted under this part and to the displacement of any family, individual, business, nonprofit organization or farm that results from such acquisition. The West Virginia Code, Chapter 54-3 also applies.

The Grantee must certify compliance with URA. Under Section 104(d) of the Act, each Grantee must adopt, make public and certify that it is following a residential anti-displacement and relocation assistance plan providing one-for-one replacement units and relocation assistance. The plan must also indicate the steps that will be taken to minimize the displacement of persons from their homes as a result of any activities assisted under this part all in accordance with 24 CFR Part 570.488(b).

(11) The State and the Grantee will comply with the provisions of the Department of Treasury Circular 1075 and/or the State's Small Cities Grants Management Handbook, as revised, in the process of requesting and administering funds from the State's Letter of Credit.

(12) Funds provided under this agreement shall not be expended for acquisition or construction purposes in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless the community in which the area is situated is participating in the National Flood Insurance Program; and flood insurance is obtained in accordance with Section 102(a) of the Flood Disaster Protection Act of 1973.

(C) *Accounting.* The Grantee will establish a separate account for the proper recording of project costs in accordance with generally accepted accounting principles and procedures so as to reflect all receipts and allowable expenditures, including program income in connection with the said project and the purpose thereof. If the Grantee received less than \$25,000 per state fiscal year in program income, the dollars received are not subject to provision of 24 CFR 570 and may be used at the Grantees discretion. If program income exceeds \$25,000 in any given state fiscal year, all program income earned must be expended in accordance with 24 CFR 570.489.

(D) *Audit.* Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted or performed by the State Tax Department. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. Units of local government will make audit reports available for public inspection within thirty (30) days after the completion of the audit.

(E) *Record Retention.* Financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of three years, with the following qualifications:

(1) If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

(2) Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.

(3) Records for displacement shall be retained in accordance with the Grants Management Handbook.

(4) The retention period starts from the date of the submission of the final performance report.

(F) *Access to Records.* The Grantee shall, at any time during normal business hours and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports, files, and other papers, things or property of the Grantee with respect to the matters covered by this Contract. All negotiated contracts awarded by the Grantee shall include a provision that the Comptroller General or any duly authorized representative of the State or HUD shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

(G) *Repayment.* The Grantee shall refund to the State or Federal government any expenditures determined to be made for an ineligible purpose for which Federal funds were received.

(H) *Competitive Procurement Procedures.* All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition consistent with procedures identified in the Grants Management Handbook, 24 CFR Part 85, and with applicable local or State law.

The Grantee shall procure architect/engineer services in accordance with Chapter 5G of the West Virginia State Code and be in compliance with 24 CFR Part 85.

The Grantee shall procure construction contracts in accordance with Chapter 5-22-1 of the West Virginia State Code and be in compliance with federal regulations 24 CFR Part 85.

The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to their project which has an estimated value of over \$25,000. Any attempts by the Grantee to segregate the project into sections in order to circumvent competitive

procurement may be cause for termination of this Agreement under the provisions of Paragraph 9. These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area within a period of fourteen consecutive days with at least an interval of six full days within such period between the date of the first publication and the date of the second publication preceding the final date of submitting bids. The Grantee shall also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, sending notification to the State's Small Business Development Center Division, and by posting notice on a bulletin board in a public place. The Grantee shall have available upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures. The resolution of bid and contract disputes is the responsibility of the Grantee.

(I) *Bonding and Insurance.* As otherwise required by law, a grant that requires the contracting or subcontracting for construction or facility improvements under \$100,000 shall provide for the Grantee to follow local or State requirements relating to bid guarantees, performance bonds, and payment bonds provided that the Grantee's and State's interest is adequately protected and that such contracts can be executed in a timely manner; otherwise, bonding requirements shall be the same as for contracts exceeding \$100,000. If the contracts or subcontracts exceeds \$100,000, the minimum bonding and insurance requirements shall be as follows:

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment is required by law of all persons supplying labor or materials in the execution of the work provided for in the Contract.

(J) *Facilities Operation.* The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable Federal, State and local statute, law, ordinance, or regulation as to actual construction procedures. The Grantee shall be responsible for maintenance and operation of such facilities upon completion. The Grantee may not change the use or planned use of any such facility (including the beneficiaries of such use) from that purpose initially approved unless the Grantee provides affected citizens with reasonable notice thereof and opportunity to comment on any proposed change all in accordance with 24 CFR Part 570.489(j).

(K) *Conflict of Interest.* No officer, agent, consultant, employee, elected or appointed official of the State, the Grantee, or any public agency or subrecipient receiving Community Development Block Grant funds who exercises or has exercised any function or responsibilities with respect to activities assisted with Community Development Block Grant funds or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from such activity or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter. The conflict of

interest provision of 24 CFR 85.36; 24 CFR 570.489 (g) and (h); and OMB Circular A-110 also apply as appropriate.

7. **Recovery of Capital Costs.** The Grantee will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds from this program by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless: (a) funds received are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from other revenue sources; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the Grantee certifies to the State of West Virginia that it lacks sufficient funds received under the program to comply with the requirements of clause (a).

8. **Method of Payment.** In order to receive any and all payments under the terms of this Agreement, the Grantee shall submit the following: (a) a Letter of Transmittal containing a progress report, and (b) a Request for Payment Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility and, if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures from the State's Letter of Credit with the Department of Housing and Urban Development.

9. **Termination of Contract for Cause.** If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner its obligations under this Contract or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee to such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withhold any payments to the Grantee for the purpose of offsetting those damages until such time as the exact amount of damages due the State from the Grantee is determined.

10. **Termination for Convenience of the State.** The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

11. **Termination by the Grantee.** The Grantee may unilaterally rescind this Agreement at any time prior to the commencement of the project. After project commencement, this Agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

12. **Reporting.** A Final Performance Report shall be submitted to the State with the final request for payment for project costs, excluding audit. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the appropriate Technical Assistance Guides of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

13. **Final Closeout.** Final Closeout shall be completed when the State: (a) is in receipt of a Final Performance Report; (b) has determined that all monitoring findings have been formally addressed and are resolved; and (c) has received a completed, final project audit and has determined that any findings have been resolved.

14. **Resolution of Disputes.** Resolution of disputes between the State and the Grantee, concerning administrative and programmatic matters during the terms of this Agreement shall be initiated through consultation and discussion at the State's Administrative Offices with final decision on questions of policy or fact being determined by the Director of the Community Development Division of the West Virginia Development Office or his/her designated representative. Nothing in this Agreement shall be construed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws. Citizen's complaints or disputes regarding Grantee performance or actions relative to the approved project are the responsibility of the Grantee.

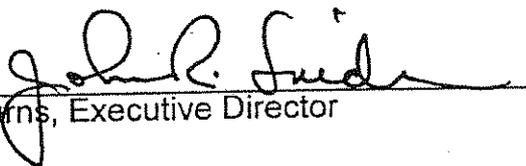
15. **Notice.** The parties hereto agree that notice shall be served when mailed certified U.S. Mail to the following addresses:

West Virginia Development Office  
**Community Development Division**  
Capitol Complex  
Building 6, Room 553  
Charleston, West Virginia 25305-0311

GRANTEE Town of Reedsville  
Post Office Box 397  
Reedsville, West Virginia 26547

[WITNESSETH] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this Agreement is done with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this Agreement.

STATE OF WEST VIRGINIA  
WEST VIRGINIA DEVELOPMENT OFFICE

  
\_\_\_\_\_  
Thomas C. Burns, Executive Director

TOWN OF REEDSVILLE

  
\_\_\_\_\_  
By: Robert L. Stone, Mayor

FEDERAL EMPLOYER IDENTIFICATION NUMBER

55-063-7757-001  
F.E.I.N.



TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2001

RECEIPT OF DEPOSITORY BANK

I, Sherry Belldina, the undersigned duly authorized representative of the Bruceton Bank, Reedsville, West Virginia (the "Bank"), hereby certify that on August 22, 2001, the Bank received an automated clearinghouse transfer in the amount of \$479,000 to the credit of the Town of Reedsville Sewer Project Construction Account, Account Number 1854127.

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

BRUCETON BANK

  
\_\_\_\_\_  
Branch Manager

08/15/01  
745200/97001



# CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** August 15, 2001  
**Re:** Town of Reedsville Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture)

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## 1. DISBURSEMENTS TO TOWN OF REEDSVILLE

A. Payor: United States of America, Department of Agriculture  
Amount: \$479,000.00  
Form: ACH Transfer  
Payee: Town of Reedsville  
Bank: Bruceton Bank  
Routing #: 051502599  
Account #: 1854127  
Contact: Sherry Belldina ((304) 864-2265)  
Account: Town of Reedsville Sewer Project Construction Account

## 2. DISBURSEMENTS BY TOWN OF REEDSVILLE

A. Payor: Town of Reedsville  
Amount: \$3,030.00  
Form: Check  
Payee: West Virginia Water Development Authority  
Account: Town of Reedsville Sewer Project Construction Account  
Memo: Repayment of Valley Sanitary District STEP I Loan

B. Payor: Town of Masontown  
Amount: \$26,721.57  
Form: Check  
Payee: West Virginia Water Development Authority  
Account: Town of Reedsville Sewer Project Construction Account  
Memo: Repayment of Valley Sanitary District STEP II Loan

C. Payor: Town of Reedsville  
Amount: \$380,000.00  
Form: Check  
Payee: Town of Masontown  
Account: Town of Reedsville Sewer Project Construction Account  
Memo: Tap Fee

D. Payor: Town of Reedsville  
Amount: \$37,725.04  
Form: Check  
Payee: Bruceton Bank  
Account: Town of Reedsville Sewer Project Construction Account  
Memo: Repayment of Emergency Loan

08/15/01  
745200/97001