

TOWN OF STONEWOOD
WATER REVENUE BONDS, SERIES 2009 A; AND
WATER REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

DATE OF CLOSING: APRIL 24, 2009

BONDS TRANSCRIPT

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TOWN OF STONEWOOD

**Water Revenue Bonds, Series 2009 A; and
Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)**

BOND TRANSCRIPT

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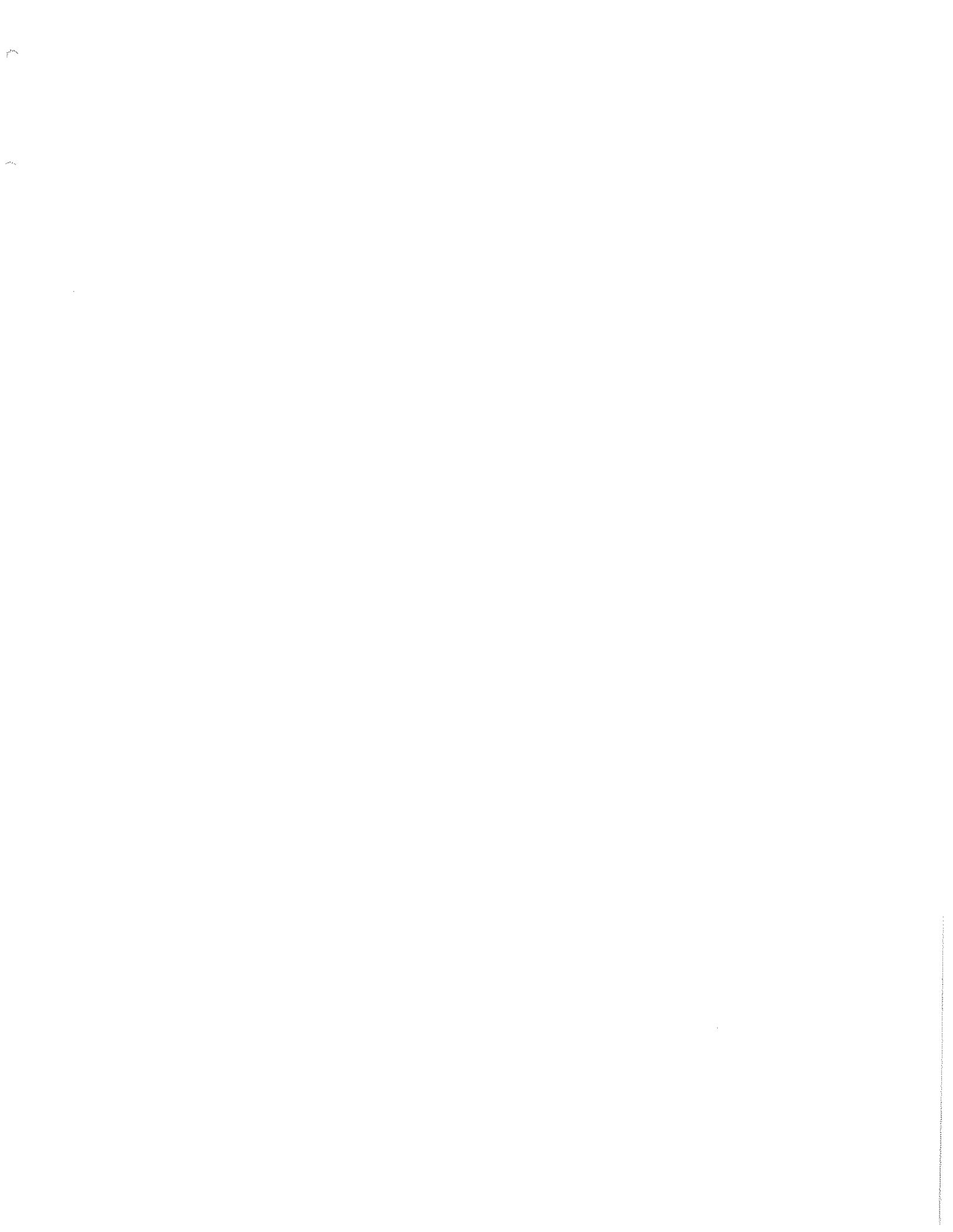
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TOWN OF STONEWOOD

**Water Revenue Bonds, Series 2009 A; and
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(United States Department of Agriculture)**

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TOWN OF STONEWOOD

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF STONEWOOD, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE); AND THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (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 STONEWOOD:

ARTICLE I

**STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS**

Section 1.01. Authority for this Ordinance. This Ordinance is adopted and enacted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The Town of Stonewood (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in Harrison County of said State.

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

A. The Issuer now owns and operates a public waterworks system. The Project, as hereinafter defined, 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.

B. The Issuer desires to finance and acquire, construct, operate and maintain certain additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

C. 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, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of construction of installation of 11,000 linear feet of 6 and 8-inch water mains, the replacement of an existing booster station, the replacement of 2 PRV stations, the installation or replacement of valves throughout the system, painting an existing water storage tank and the installation of telemetry control system on the tank (collectively, 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 waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions 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.

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

E. The estimated maximum cost of the acquisition and construction of the Project is \$2,000,000, of which approximately \$1,000,000 will be obtained from the proceeds of sale of the Series 2009 A Bonds and approximately \$1,000,000 will be obtained from the proceeds of the sale of the Series 2009 B Bonds, both herein authorized.

F. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds") in the total aggregate principal amount of not more than \$1,000,000 to finance a portion of the cost of such acquisition and construction and to pay costs of issuance thereof and related costs, and it is necessary for the Issuer to issue its Water Revenue Bonds, Series 2009 B (United States Department of Agriculture) (the "Series 2009 B Bonds"), in the aggregate principal amount of not more than \$1,000,000 (the Series 2009 A Bonds and Series 2009 B Bonds collectively know as the "Series 2009 Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2009 Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and

surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

H. There are no outstanding obligations of the Issuer which will rank on a parity with the Series 2009 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 2009 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated July 15, 2002, and all amendments thereto, if any (collectively, the "Letter of Conditions").

J. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009 Bonds, or will have so complied prior to issuance of the Series 2009 Bonds, including, among other things and without limitation, obtaining a certificate of public 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. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 Bonds by those who shall be the Registered Owner of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2009 Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 8, Article 19 of the West Virginia Code of 1931, as amended.

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

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

"Bonds" means the Series 2009 Bonds.

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for the proceeds, or at least a de minimus portion, thereof representing the purchase price of the Series 2009 Bonds from the Purchaser.

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

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" or "Council" means the 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.

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 15, 2002, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer

relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

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

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931; 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 Bonds.

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

"Series 2009 Bonds" means, collectively, the Series 2009 A Bonds and the Series 2009 B Bonds.

"Series 2009 A Bonds" means the Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2009 B Bonds" means the Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the", refers specifically to the supplemental resolution authorizing the sale of the Series 2008 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds, and not so included may be included in another supplemental resolution.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such 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 total cost of not more than \$2,000,000, 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 2009 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 Series 2009 Bonds of the Issuer, to be known as the "Water Revenue Bonds, Series 2009 A (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of not more than \$1,000,000 for the purpose of (i) financing a portion of the cost of the acquisition and construction of the Project and (ii) paying certain costs of issuance and related costs not otherwise provided for, or any all of such purposes, and the "Water Revenue Bonds, Series 2009 B (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of not more than \$1,000,000, for the purpose of (i) financing a portion of the cost of the acquisition and construction of the Project and (ii) paying certain costs of issuance and related costs not otherwise provided for.

Section 3.02. Description of Bonds. The Series 2009 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond in an original aggregate principal amount to be prescribed in the Supplemental Resolution and shall be dated on the date of delivery thereof. The Series 2009 A Bonds shall bear interest from date of delivery, payable monthly at the rate not to exceed 4.725% per annum, which interest rate shall be prescribed in the Supplemental Resolution and shall be sold for the par value thereof.

The Series 2009 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

The Series 2009 B Bonds shall be issued in single form, numbered BR-1, only as a fully registered Bond in an original aggregate principal amount to be prescribed in the Supplemental Resolution and shall be dated on the date of delivery thereof. The Series 2009 B Bonds shall bear interest from date of delivery, payable monthly at the rate not to exceed 4.725% per annum, which interest rate shall be prescribed in the Supplemental Resolution and shall be sold for the par value thereof.

The Series 2009 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2009 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 2009 Bonds, and the right to principal of and stated interest on the Series 2009 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 2009 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 2009 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 2009 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2009 Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2009 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2009 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 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 2009 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 2009 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 2009 Bonds shall be executed in the name of the Issuer by the Mayor and its corporate seal shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2009 Bonds shall cease to be such officer of the Issuer before the Series 2009 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2009 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2009 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the 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 2009 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2009 Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2009 Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2009 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 2009 Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2009 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 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF STONEWOOD
WATER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$ _____

FOR VALUE RECEIVED, the TOWN OF STONEWOOD (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 SEVEN HUNDRED FORTY ONE THOUSAND (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the 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 is issued to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs.

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 additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on

, 2009 as supplemented by Supplemental Resolution of the Issuer duly adopted on _____, 2009, authorizing issuance of this Bond (collectively, the "Ordinance").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2009, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____, ISSUED SIMULTANEOUSLY HEREWITH.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF STONEWOOD 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 STONEWOOD

[CORPORATE SEAL]

Mayor
112 Southern Avenue
Stonewood, West Virginia 26301

ATTEST:

Recorder

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of 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: _____, 20__.

In the presence of:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF STONEWOOD
WATER REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$ _____

FOR VALUE RECEIVED, the TOWN OF STONEWOOD (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 SEVEN HUNDRED FORTY FOUR THOUSAND SEVEN HUNDRED DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the 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 is issued to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs.

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 additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 8, Article 19 of the West Virginia Code, as amended (the "Act"), and a Ordinance of the Borrower duly adopted

, 2009 as supplemented by Supplemental Resolution duly adopted by the Issuer on _____, 2009, authorizing issuance of this Bond (the "Ordinance").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2009, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____, ISSUED SIMULTANEOUSLY HEREWITH.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF STONEWOOD 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 STONEWOOD

[CORPORATE SEAL]

Mayor
112 Southern Avenue
Stonewood, West Virginia 26301

ATTEST:

Recorder

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$

(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: _____, 20__.

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) Renewal and Replacement Fund; and
- (3) Project Construction Account.

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

- (1) Series 2009 A Bonds Reserve Account; and
- (2) Series 2009 B Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2009 Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The monies 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. Monies in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies 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.

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 installments on the Series 2009 Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, money and funds in the 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 System Revenues and Funds. So long as any of the Series 2009 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the respective Series 2009 Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the respective Series 2009 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2009 Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Ordinance 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 Ordinance.

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 Revenue Fund the Operating Expenses of the System.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Series 2009 Bonds, transfer from the Revenue Fund and (i) beginning 30 days following the Closing Date, remit to the National Finance Office, the amounts required to pay the interest on the Series 2009 A Bonds. Beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amounts required to amortize the interest on and principal of the Series 2009 A Bonds over the life of the Bond issue; and (ii) beginning 30 days following the Closing Date, remit to the National Finance Office, the amounts required to pay the interest on the Series 2009 B Bonds. Beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amounts required to amortize the interest on and principal of the Series 2009 B Bonds over the life of the Bond issue. All payments with respect to principal of and interest the Series 2009 Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate

principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, transfer from the Revenue Fund and remit (i) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2009 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2009 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2009 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2009 B Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2009 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2009 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the respective Series 2009 Bonds Reserve Accounts shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2009 Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2009 Bonds, or for mandatory prepayment of the Series 2009 Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the respective Series 2009 Bonds Reserve Accounts, so long as the Series 2009 Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(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 in the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System;

provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(5) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Series 2009 A Bonds Reserve Account shall be sufficient to prepay the Series 2009 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009 A Bonds at the earliest practical date and in accordance with applicable provisions hereof

Whenever the money in the Series 2009 B Bonds Reserve Account shall be sufficient to prepay the Series 2009 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009 B 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 2009 Bonds Reserve Accounts as herein provided, and all amounts required for the Series 2009 Bonds Reserve Accounts will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The 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.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2009 Bonds and the interest thereon

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2009 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission, at the direction of the Issuer, shall keep the monies in the Series 2009 Bonds Reserve Accounts invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies 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 monies in the Series 2009 Bonds Reserve Accounts, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2009 Bonds, provide evidence that there will be at least 465 bona fide users upon the Project on completion, 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 monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2009 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 Bonds Reserve Accounts a sum sufficient to prepay the entire principal of the Series 2009 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 2009 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 annual debt service on the Series 2009 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 2009 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 Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

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 2009 Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2009 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 Town 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 have been or 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; 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 such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2009 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 2009 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 2009 Bonds.

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2009 Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2009 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 2009 Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year 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 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 2009 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, subject to change consonant with the provisions hereof, shall be as set forth in a water rate ordinance of the Issuer enacted April 16, 2007, which rates are incorporated herein by reference as a part hereof.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

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 2009 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 2009 Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2009 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2009 Bonds, the Issuer may not defease the Series 2009 Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. Prior to issuance of the Series 2009 Bonds, this Ordinance may be amended or supplemented in any way by ordinance or resolution. Following issuance of the Series 2009 Bonds, no modification or amendment of this Ordinance, or any ordinance or resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Mayor is hereby authorized and directed to cause the Series 2009 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 severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2009 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 adoption and enactment of this Ordinance do exist, have happened, have

been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

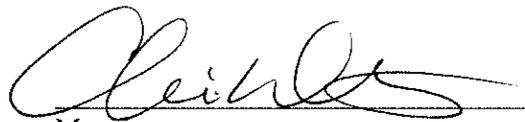
Section 7.08. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 7.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, determined by the Council to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in *Exponent Telegram*, being qualified newspapers of general circulation in the Town of Stonewood, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted, and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the first publication of the said abstract and notice and not prior to the last date of such publication, and present protests, and that a certified copy of the Ordinance is on file in the office of the Recorder of the Issuer for review by interested parties during regular office hours. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading: March 16, 2009

Passed on Second Reading: April 6, 2009

Passed on Final Reading
Following Public Hearing: April 20, 2009

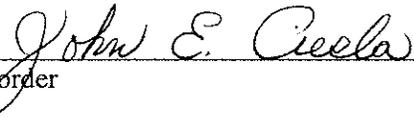

Mayor

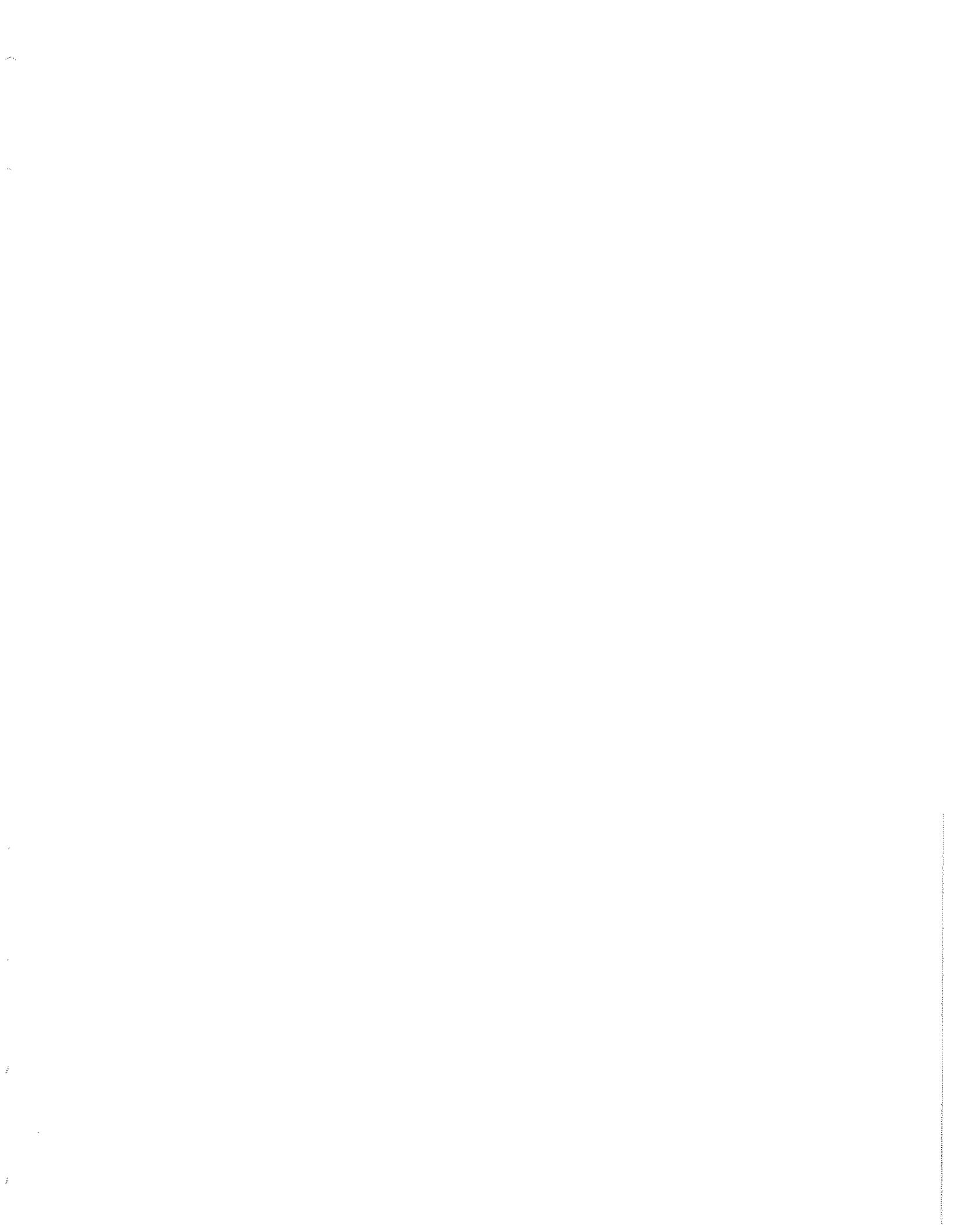
CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF STONEWOOD on the 20th day of April, 2009.

Dated: April 24, 2009

[SEAL]


Recorder



TOWN OF STONEWOOD

Water Revenue Bonds, Series 2009 A; and
Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION MAKING PROVISIONS AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2009 A AND WATER REVENUE BONDS, SERIES 2009 B OF THE TOWN OF STONEWOOD, AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Stonewood (the "Issuer") has duly and officially adopted and enacted a bond ordinance, April 20, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF STONEWOOD, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE); AND THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (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 Water Revenue Bonds, Series 2009 A, of the Issuer (the "Series 2009 A Bonds"), in an aggregate principal amount not to exceed \$1,000,000, and has authorized the execution and delivery of the documents relating to the Bonds, all in accordance with Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (collectively, the "Act");

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 2009 B, of the Issuer (the "Series 2009 B Bonds"), in an aggregate principal amount not to exceed \$1,000,000, and has authorized the execution and delivery of the documents relating to the Bonds, all in accordance with Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (collectively, the "Act");

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted;

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

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

A. Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of \$741,000. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.5% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2009 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$3,402 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2009 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2009 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2009 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered BR-1 in the principal amount of \$744,700. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.125% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2009 B Bonds and continuing on the corresponding day of each month and, thereafter, principal and

interest are payable in monthly installments of \$3,240 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2009 B 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 2009 B 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 2009 B Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

Section 2. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about April 24, 2009, to the Purchaser.

Section 3. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2009 A 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 4. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 5. The Issuer does hereby appoint and designate Harrison County Bank, Nutter Fort West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 6. 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 7. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 20th day of April, 2009.

A handwritten signature in black ink, appearing to read "Crestle", written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Stonewood on the 20th day of April, 2009.

Dated: April 24, 2009.

[SEAL]


Recorder

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: March 31, 2008

FINAL

4/20/2008

CASE NO. 08-0027-W-PC-CN

CITY OF STONEWOOD,
Stonewood, Harrison County.

Application for a certificate of convenience and necessity to construct water system improvements and a petition for consent and approval of a water purchase agreement between the City of Stonewood and the Clarksburg Water Board.

RECOMMENDED DECISION

On January 9, 2008, the City of Stonewood (Utility) filed an application for a certificate of convenience and necessity to construct water system improvements. The Utility also petitioned the Commission for consent and approval of a water purchase agreement between the Utility and the Clarksburg Water Board.

On January 9, 2008, the Commission ordered the Utility to publish notice of filing in Harrison County. The Utility returned an affidavit of publication on January 22, 2008, indicating that it had properly published notice of its application in Harrison County. There have been no protests filed pursuant to the notice.

On January 23, 2008, the Commission referred the matter requiring a decision to be rendered on or before May 23, 2008.

On March 28, 2008, Staff recommended that the water purchase agreement be approved and that the Utility be granted a certificate of convenience and necessity.

FINDINGS OF FACT

1. On January 9, 2008, the Utility filed an application for a certificate of convenience and necessity to upgrade its water system. (See application).
2. The Utility also petitioned the Commission for consent and approval of a water purchase agreement between the Utility and the Clarksburg Water Board. (See filing).
3. The proposed project includes the installation of 11,000 linear feet of 6 and 8-inch water mains, the replacement of an existing booster station, the replacement of 2 PRV stations, the installation or replace-

ment of valves throughout the system, painting an existing water storage tank and the installation of telemetry control system on the tank. (See application and Staff Memorandum filed March 28, 2008).

4. The Utility's existing booster station frequently fails. (See Staff filing of March 28, 2008).

5. The Utility obtains its water through a single metered connection with the City of Clarksburg. (*Id.*).

6. The proposed project is estimated to cost \$1,485,700. (*Id.*).

7. The engineering fees represent 10.5% of the construction cost which Staff viewed as "reasonable." (*Id.*).

8. The project will eliminate some dead ends on the system, improving the system's hydraulics and reducing water losses. (*Id.*).

9. The booster station and PRV valves that will be replaced are in deteriorated condition. (*Id.*).

10. The project will install a fence around the Utility's storage tank and install telemetry in the tank which will allow better control of the system. (*Id.*).

11. The project will allow better access to the storage tank by extending an existing road. (*Id.*).

12. The Utility's tank has a turn-over rate calculated at 12%, which is well below the 20% required by the Department of Health and Human Resources. Blow-off valves will allow the Utility to sample the system for residual chlorine and the new booster station will provide extra chlorination to allow adjustment for the residual chlorine levels when necessary. (*Id.*).

13. The project is projected to decrease operation and maintenance expenses by \$868 associated with decreased power costs of the new booster station. (*Id.*).

14. All necessary permits have been applied for related to the project. (*Id.*).

15. The Office of Environmental Health Services has approved the project issuing Permit No. 17,794 on November 29, 2007. (*Id.*).

16. The plans and specifications of the project substantially conform to the Commission's Water Rules. (*Id.*).

17. The Utility proposes to finance the project with a loan from the Rural Utility Service in the amount of \$741,000 at an interest rate of 4.725% for 40 years and a separate loan from the RUS in the amount of \$744,700 at an interest rate of 4.125% for 40 years. The first 24 payments for both loans will consist of interest only. (*Id.*).

18. The Utility passed a rate ordinance in April 2007 approving a 38% increase over its previous rates. The increased rates will provide

the Utility with sufficient revenues to pay its expenses, fund its debt reserve account and maintain sufficient debt service coverage of at least 115%. (Id.).

19. Staff believes the project is feasible and should be approved. (Id.).

20. Staff recommended that the Utility bring its tariff language into conformance with the Commission's Tariff Rules in its next rate proceeding. (Id.).

21. Staff recommended that the Commission approve the water purchase agreement between the Utility and the City of Clarksburg.

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.
2. The proposed financing is reasonable and should be approved.
3. The application for a certificate of convenience and necessity should be granted to the Utility without a hearing.
4. The water purchase agreement between the Utility and the City of Clarksburg should be approved without approving the specific terms and conditions of the contract.

ORDER

IT IS, THEREFORE, ORDERED that the City of Stonewood be, and hereby is, granted a certificate of convenience and necessity to construct the improvements to its water system which were described in its application filed with the Commission on January 9, 2008. The cost of the approved project shall not exceed \$1,485,750. Approval is contingent upon the Utility obtaining all necessary state and federal permits before construction.

IT IS FURTHER ORDERED that the proposed financing, consisting of one loan from the Rural Utility Service in the amount of \$741,000 at an interest rate of 4.725% for 40 years and a separate loan from the RUS in the amount of \$744,700 at the interest rate of 4.125% for 40 years, with both loans being interest only for the first two (2) years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the water purchase agreement between the City of Stonewood and the Clarksburg Water Board submitted for Commission approval be, and hereby is approved, without approval of the specific terms and conditions of the agreement.

IT IS FURTHER ORDERED that, if there are any changes in the plans, financing or scope of the project, the Utility must seek Commission approval of those changes. If any changes in project cost result in a modification of rates, the Utility must seek Commission approval of such changes. If project-related rates remain unchanged, but the project

costs change, the Utility must file an application executed by a certified public accountant verifying that the modifications to the project cost will not impact the necessary rates and charges.

IT IS FURTHER ORDERED that the Utility provide a copy of the engineer's certified bid tabulation for all contracts awarded on this project to the Commission as soon as they are available.

IT IS FURTHER ORDERED that the Utility submit a copy of the certificate of substantial completion issued for each construction contract associated with the project to the Commission as soon as they are available.

IT IS FURTHER ORDERED that the Utility comply with all rules and regulations of the Division of Highways regarding the use of Division of Highway's rights-of-way.

IT IS FURTHER ORDERED that the City of Stonewood bring its tariff into conformance with the Commission's current Tariff Rules the next time it passes a rate ordinance.

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

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

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

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

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



Keith A. George
Administrative Law Judge

KAG:lc
080027a.wpd

LAW OFFICE

Thomas R. Michael
ATTORNEY AT LAW
P.O. BOX 250
LOST CREEK, WEST VIRGINIA, 26385-0250

PHONE 304-745-5904

FAX 304-745-5907

EMAIL tom_michael@yahoo.com

January 18, 2008

Sandra Squire, Executive Secretary
Public Service Commission of West Virginia
Post Office Box 812
Charleston, WV 25323

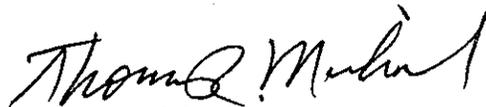
Re: Case No. 08-0027-W-PC-CN
Stonewood Water Project: Application for Certificate

RECEIVED
2008 JUN 22 AM 8 54
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Dear Ms. Squire:

Enclosed for filing please find the "*Affidavit of Publication*" and twelve copies in the above referenced case.

Yours truly,


Thomas R. Michael
WV Bar No. 2546

TRM/vlm
Enclosure

cc, w/enclosure: Chris Davis, Mayor of Stonewood

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 9th day of January, 2008.

CASE NO.

08-0027-W-PC-CN

CITY OF STONEWOOD Stonewood, WV 26301.

Application for a certificate of convenience and necessity to construct water system improvements and a petition for consent and approval of a water purchase agreement between the City of Stonewood and the Clarksburg Water Board.

NOTICE OF FILING

WHEREAS, on January 9, 2008, the City of Stonewood filed an application, duly verified, for a Certificate to construct additions and improvements to the water system in Harrison County and a petition for consent and approval of a water purchase agreement between the City of Stonewood and the Clarksburg Water Board.

The application is on file with and available for public inspection at the Public Service Commission, 291 Brooks Street, in Charleston, West Virginia.

WHEREAS, the City of Stonewood estimates that construction will cost approximately \$1,485,750.00. It is proposed that the construction will be financed as follows: a loan from Rural Utilities Service in the amount of \$741,000.00 at an interest rate of 4.275% for a period of 40 years; and a loan from Rural Utilities Service in the amount of \$744,750.00 at an interest rate of 4.125% for a period of 40 years. There is no project-related rate increase.

Pursuant to §24-2-11, West Virginia Code, it is ORDERED that the City of Stonewood give notice of the filing of said application, and petition, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Harrison County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene will affect your right to protest aspects of this certificate

ated, rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to: Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

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

A True Copy Teste: Sandra Squire Executive Secretary

PUBLISHER'S CERTIFICATE

I, Sara V. Shingleton, Classified Manager of THE EXPONENT TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and state aforesaid, do hereby certify that the annexed:

PUBLIC SERVICE COMMISSION OF W

was published in THE EXPONENT-TELEGRAM 1 time(s) commencing on

the 16th day of January 2008 and ending on the 16th day of January 2008 at the request of THOMAS R. MICHAEL.

Given under my hand this 16th day of January 2008

The publisher's fee for said publication is: \$58.37 for 449 words at \$0.1300 per word per day.

Sara V. Shingleton

Classified Manager of The Exponent-Telegram

SEAL

Subscribed to and sworn to before me this 16th day of January 2008.

Shelley F. Riffle

Notary Public in and for Harrison County, WV

My commission expires on:

The 21 day of July 2009

OFFICIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA SHELLEY F. RIFFLE Clarksburg Publishing Co. Box 2600, 524 Hawes Ave. Clarksburg, WV 26302-2600 Expires July 21, 2009

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Town Council
OF THE City of Stonewood
AUTHORIZING 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
water system improvements
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the City of Stonewood
(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
SEVEN HUNDRED FORTY-ONE THOUSAND AND XX / 100

pursuant to the provisions of Chapter 8, Article 13 of the 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 Mayor of the City of Stonewood

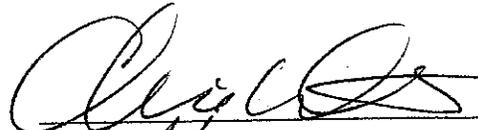
hereby certify that the Town Council of such Association is composed of

6 members, of whom 6 constituting a quorum, were present at a meeting thereof duly called and

held on the 15th day of July 2002; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of April 24, 2009, 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 24th day of April, 2009


Title Mayor

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE City CouncilOF THE Stonewood, City OfAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Stonewood, City Of
(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

SEVEN HUNDRED FORTY-FOUR THOUSAND SEVEN HUNDRED AND XX / 100 DOLLARS (\$744,700.00)pursuant to the provisions of Chapter 8, Article 19 of the 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.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that Mayor

and Recorder of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 4 Nays 0 Absent 0

IN WITNESS WHEREOF, the City Council of the

Stonewood, City Of has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 19th day of March, 2007

Stonewood, City Of

(SEAL)

By Kenneth L. Gorby
Kenneth Gorby
Title Mayor

Attest: Chi L. Dady

Title Recorder

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Mayor of the Stonewood, City Of

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

4 members, of whom 4 constituting a quorum, were present at a meeting thereof duly called and

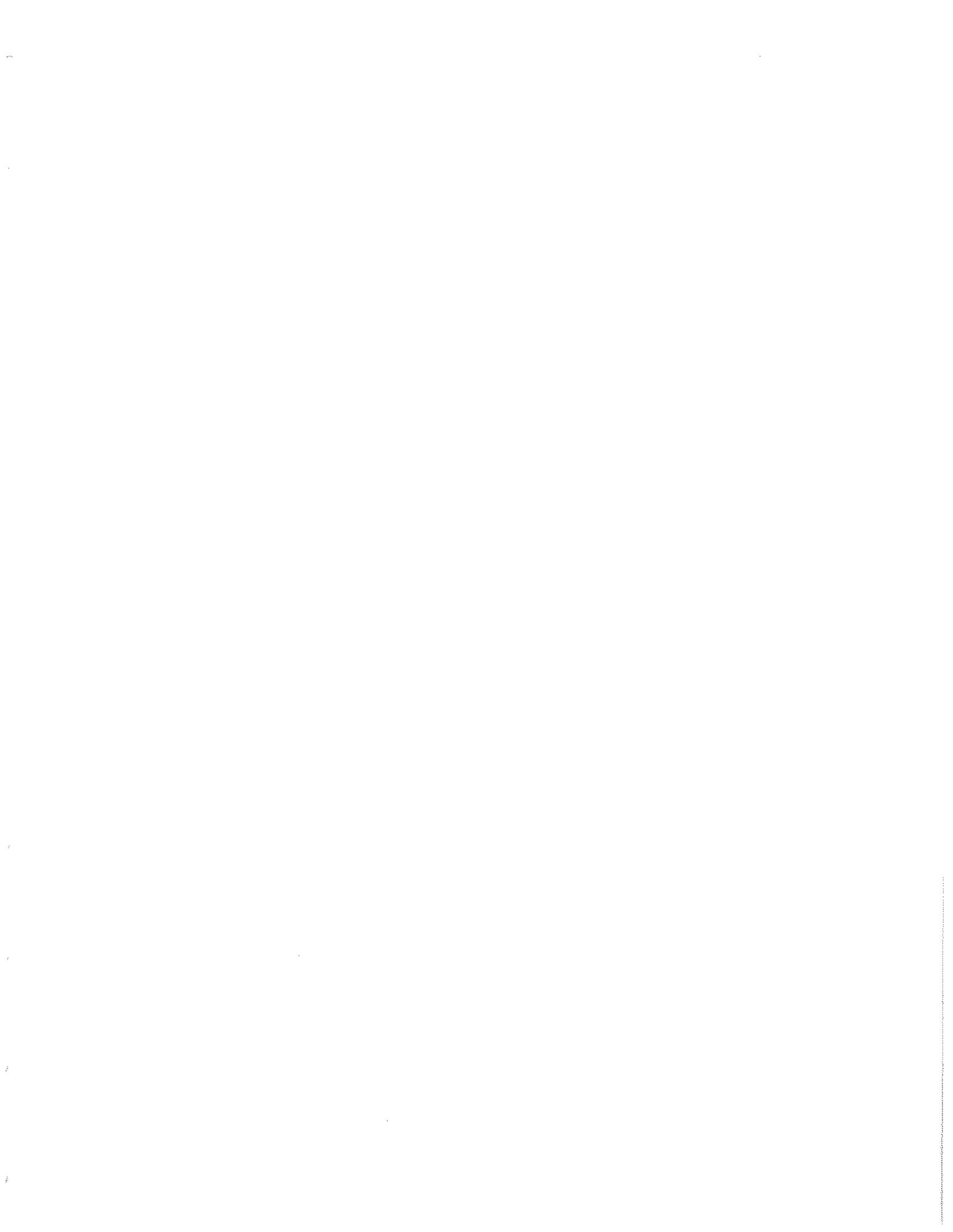
held on the 19th day of March, 2007; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of April 24, 2009, 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 24th day of April, 2009



Title Mayor



TOWN OF STONEWOOD

Water Revenue Bonds, Series 2009 A and
Water Revenue Bonds, Series 2009 B
(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 this 24th day of April, 2009 as follows:

1. On the 24th day of April, 2009, at Stonewood, West Virginia, the undersigned received for the Purchaser the single, fully registered Town of Stonewood Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$741,000, dated the date hereof, bearing interest at the rate of 4.5% per annum, payable in monthly installments of \$3,402 and the single fully registered Town of Stonewood Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), No. BR-1, in the principal amount of \$744,700 dated the date hereof, bearing interest at the rate of 4.125% per annum, payable in monthly installments of \$3,240 (collectively, the "Bonds"). The Bonds represent the entire above-captioned Bond issues.

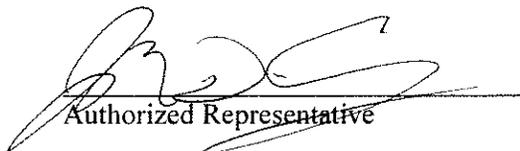
2. At the time of such receipt, the Bonds have been executed and sealed by the designated officials of the Town of Stonewood (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$49,050 being a portion of the principal amount of the Series 2009 A Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

4. At the time of such receipt, there was paid to the Issuer the sum of \$49,050 being a portion of the principal amount of the Series 2009 B Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

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



Authorized Representative

04.16.09
870790.00001

CH5082495.1



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF STONEWOOD
WATER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$741,000

FOR VALUE RECEIVED, the TOWN OF STONEWOOD (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 SEVEN HUNDRED FORTY ONE THOUSAND (\$741,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$3,402, 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 is issued to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs.

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 additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted On April 20, 2009 as supplemented by Supplemental Resolution of the Issuer duly adopted on April 20, 2009, authorizing issuance of this Bond (collectively, the "Ordinance").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

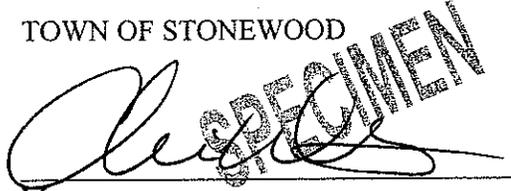
THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 24, 2009, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$744,700, ISSUED SIMULTANEOUSLY HEREWITH.

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IN WITNESS WHEREOF, the TOWN OF STONEWOOD 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.

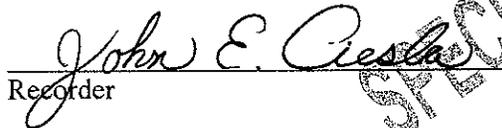
TOWN OF STONEWOOD

[CORPORATE SEAL]



Mayor
112 Southern Avenue
Stonewood, West Virginia 26301

ATTEST:



Recorder

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$49,050	April 24, 2009	(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: _____, 20__.

In the presence of:

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF STONEWOOD
WATER REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$744,700

FOR VALUE RECEIVED, the TOWN OF STONEWOOD (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 SEVEN HUNDRED FORTY FOUR THOUSAND SEVEN HUNDRED DOLLARS (\$744,700), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$3,240, 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 is issued to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs.

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 additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 8, Article 19 of the West Virginia Code, as amended (the "Act"), and a Ordinance of the Borrower duly adopted April 20, 2009 as supplemented by Supplemental Resolution duly adopted by the Issuer on April 20, 2009, authorizing issuance of this Bond (collectively, the "Ordinance").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

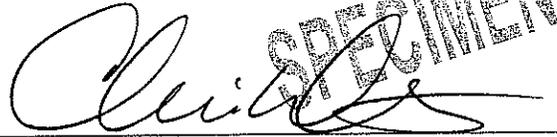
THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 24, 2009, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$741,000, ISSUED SIMULTANEOUSLY HEREWITH.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF STONEWOOD 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.

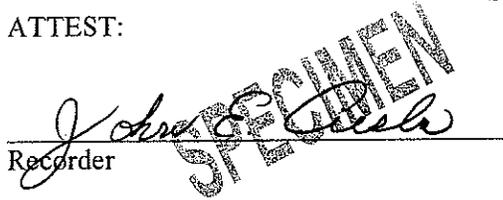
TOWN OF STONEWOOD

[CORPORATE SEAL]



Mayor
112 Southern Avenue
Stonewood, West Virginia 26301

ATTEST:



Recorder

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$49,050	April 24, 2009	(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)

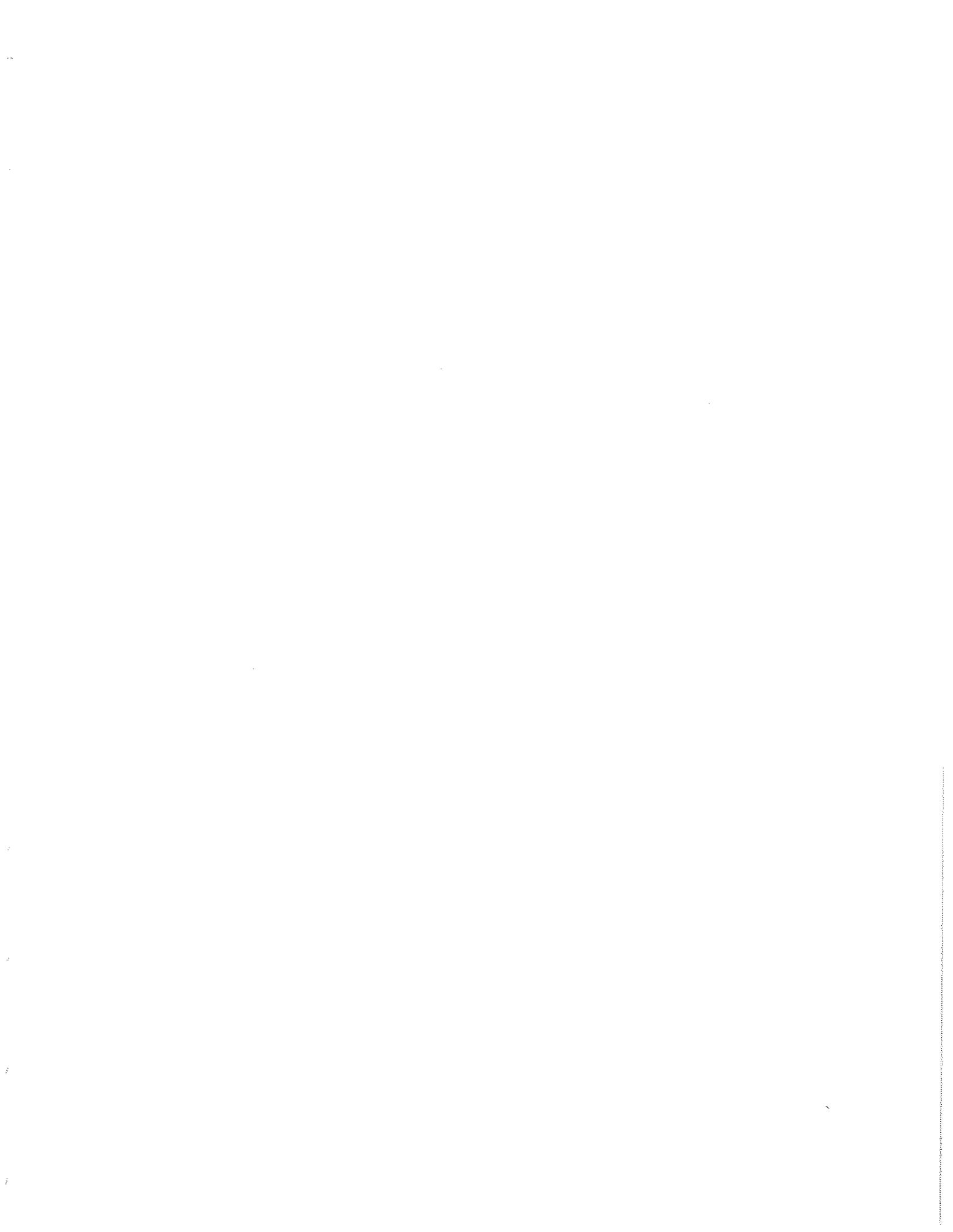
ASSIGNMENT

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: _____, 20__.

In the presence of:



TOWN OF STONEWOOD

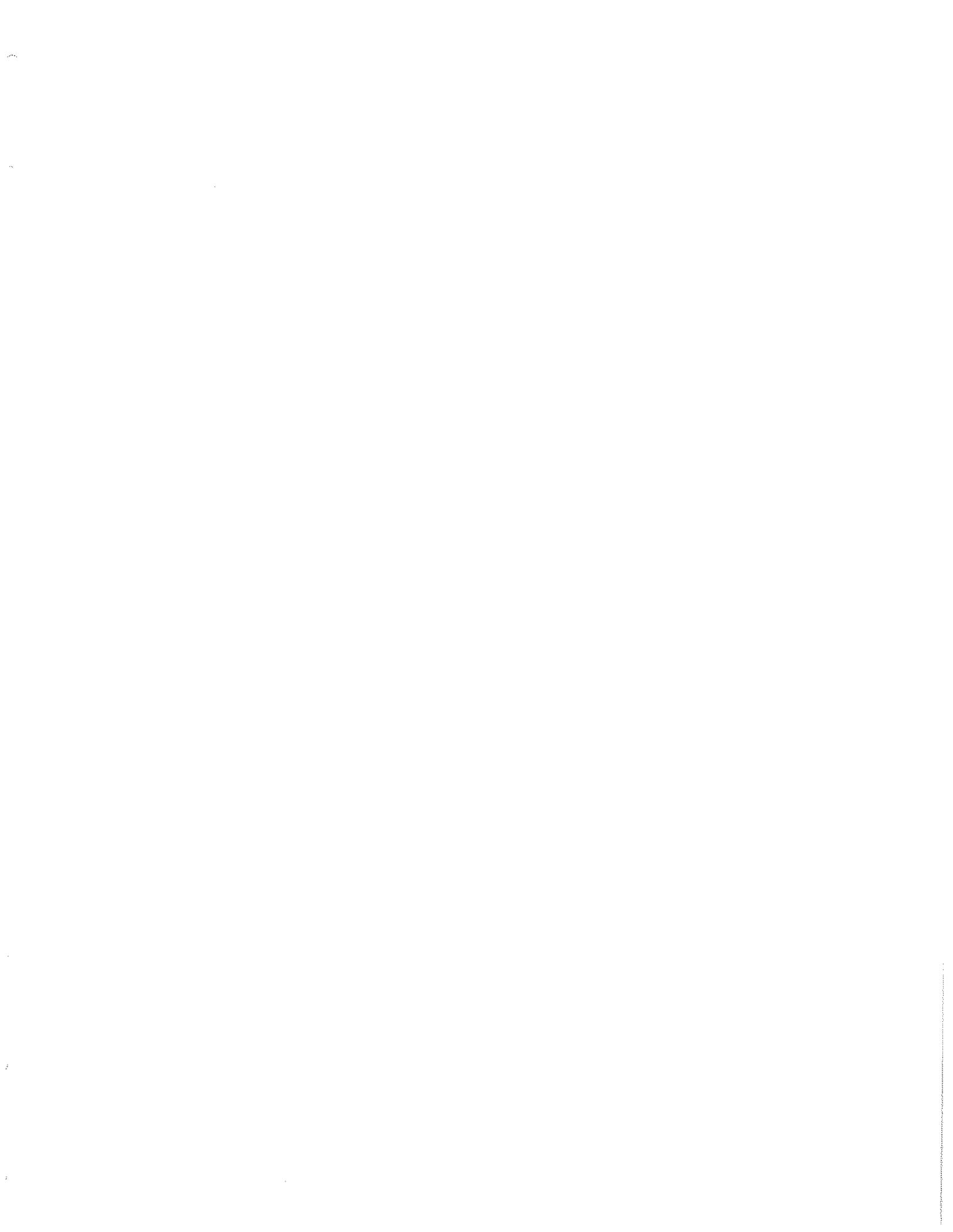
WATER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$741,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Recorder of Registrar
AR-1	April 24, 2009	United States Department of Agriculture	<i>John E. Ciesla</i>



TOWN OF STONEWOOD

WATER REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$744,700

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Recorder of Registrar
BR-1	April 24, 2009	United States Department of Agriculture	<i>John E. Ciesla</i>





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

Writer's Contact Information

April 24, 2009

Town of Stonewood
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

Town of Stonewood
Stonewood, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Stonewood, in Harrison County, West Virginia (the "Issuer"), of its \$741,000 Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated the date hereof (the "Series 2009 A Bonds"), pursuant to Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a bond ordinance of the Issuer duly enacted on April 20, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on April 20, 2009 (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 Bond Legislation 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 duly created and validly existing as a 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 Series 2009 A Bonds, pursuant to 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, on a parity with the Issuer's Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated April 24, 2009, in the original aggregate principal amount of \$744,700 issued simultaneously herewith.

4. The Series 2009 A 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.

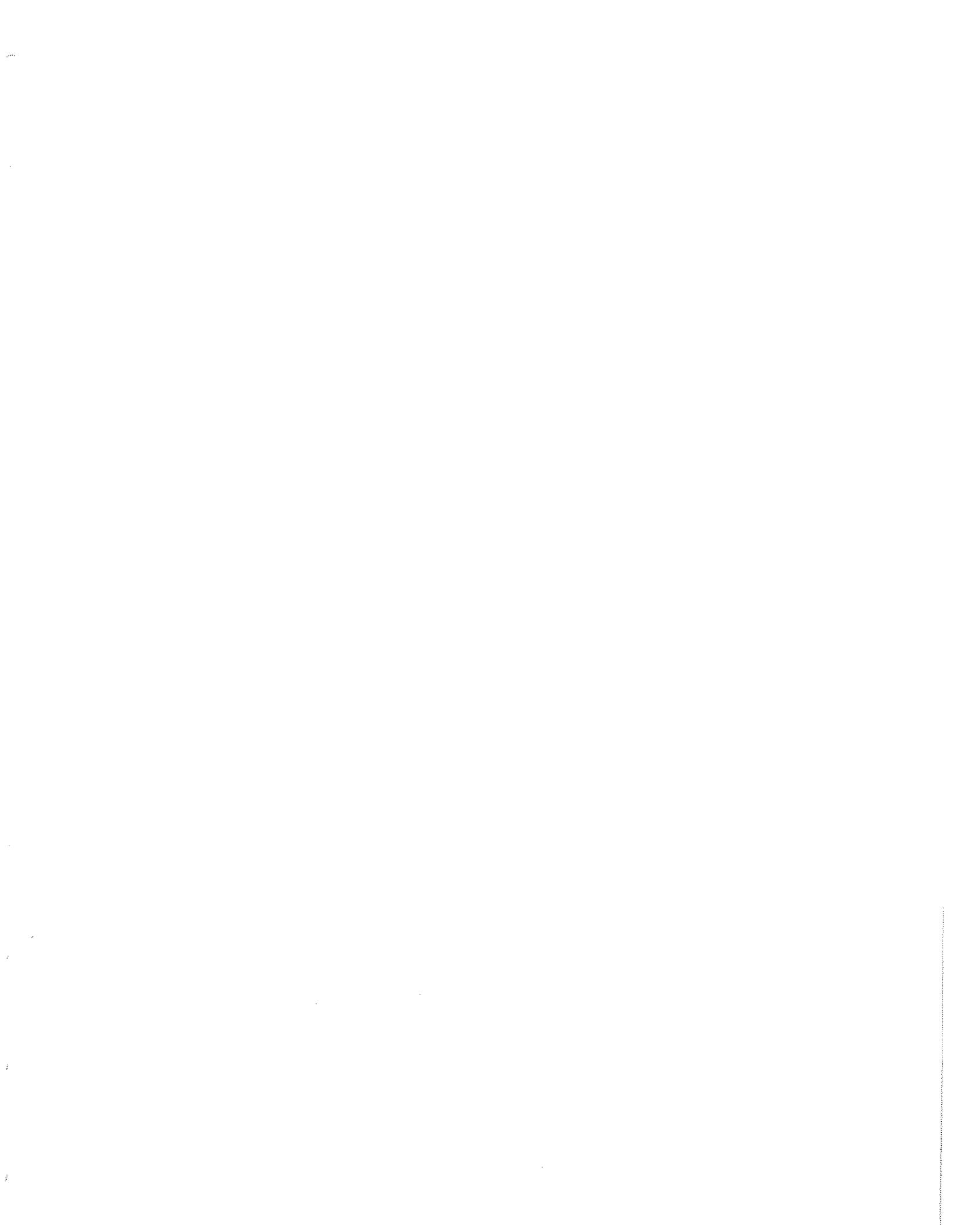
5. The Series 2009 A Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes; therefore, the interest on the Series 2009 A Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series 2009 A Bonds.

6. The Series 2009 A Bonds are, under the Act, exempt from all taxation by the State of West Virginia, and the other taxing bodies of said State, and interest on the Series 2009 A Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holder of the Series 2009 A Bonds and the enforceability of the Series 2009 A 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,


STEPH & JOHNSON PLLC





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

Writer's Contact Information

April 24, 2009

Town of Stonewood
Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

Town of Stonewood
Stonewood, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Stonewood, in Harrison County, West Virginia (the "Issuer"), of its \$744,700 Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated the date hereof (the "Series 2009 B Bonds"), pursuant to Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a bond ordinance of the Issuer duly enacted on April 20, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on April 20, 2009 (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 Bond Legislation 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 duly created and validly existing as a 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 Series 2009 B Bonds, pursuant to 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, on a parity with the Issuer's Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated April 24, 2009, in the original aggregate principal amount of \$741,000 issued simultaneously herewith.

4. The Series 2009 B 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.

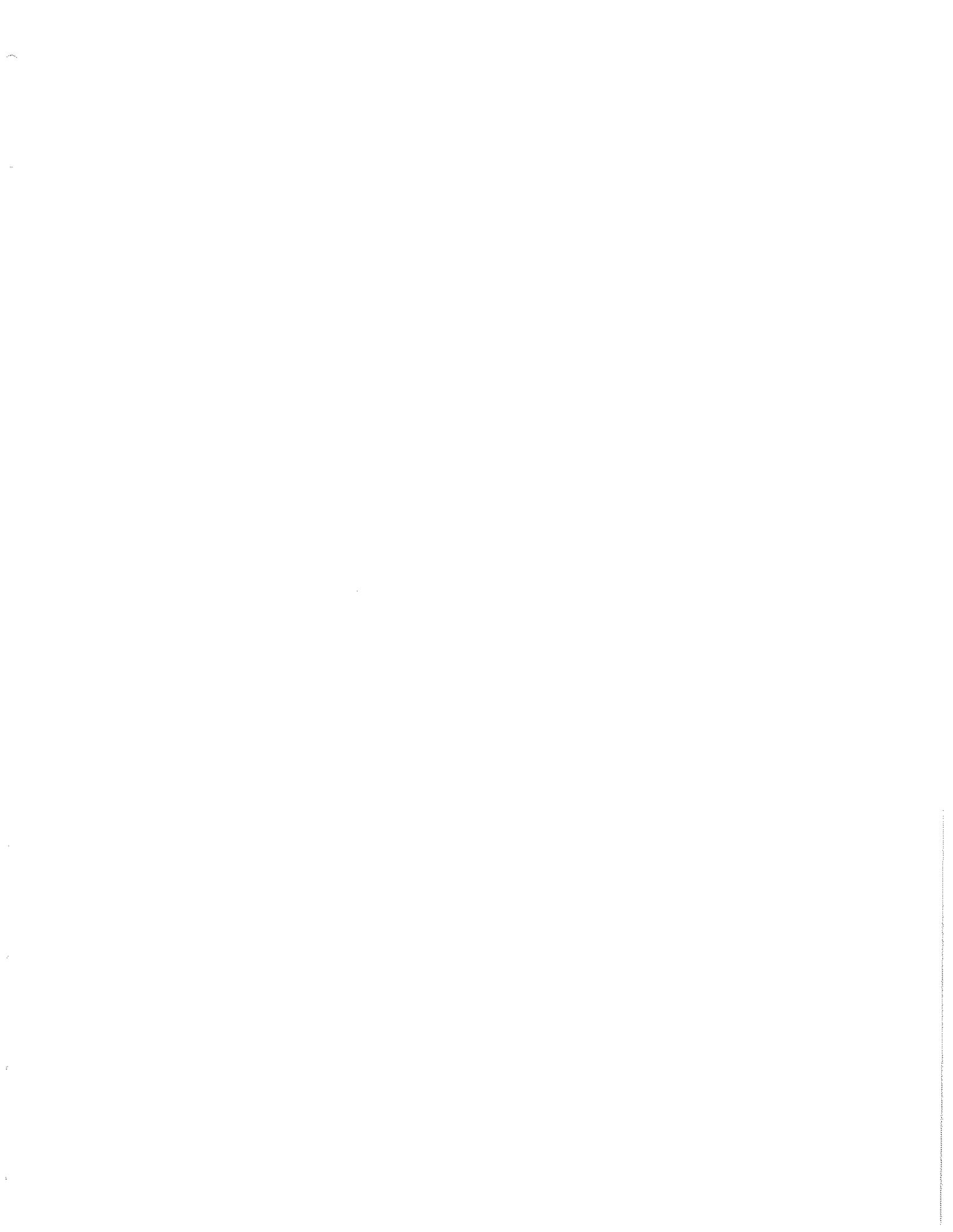
5. The Series 2009 B Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes; therefore, the interest on the Series 2009 B Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series 2009 B Bonds.

6. The Series 2009 B Bonds are, under the Act, exempt from all taxation by the State of West Virginia, and the other taxing bodies of said State, and interest on the Series 2009 B Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holder of the Series 2009 B Bonds and the enforceability of the Series 2009 B 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,


STEPHENS & JOHNSON PLLC



LAW OFFICE

Thomas R. Michael
ATTORNEY AT LAW
P.O. BOX 250
LOST CREEK, WEST VIRGINIA, 26385-0250

PHONE 304-745-5904

FAX 304-745-5907

EMAIL tom_michael@yahoo.com

April 24, 2009

Town of Stonewood
Water Revenue Bonds, Series 2009 A; and
Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

Town of Stonewood
Stonewood, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Step toe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Stonewood, a municipal corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a Bond Ordinance of the Issuer duly enacted on April 20, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on April 20, 2009 (collectively, the "Bond Legislation"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). Terms used in the Bond Legislation and not otherwise defined herein shall have the same meanings as in the Bond Legislation when used herein.

I am of the opinion that:

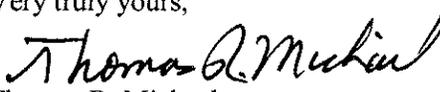
1. The Issuer is duly created and validly existing as a municipal corporation and a political subdivision of the State of West Virginia.
2. The Mayor and Recorder and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite 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. 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.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the creation and existence of the Issuer, 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 enactment of an ordinance prescribing such rates and charges, the time for appeal of which has expired prior to the date hereof without successful appeal.

6. To the best of our 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,


Thomas R. Michael



TOWN OF STONEWOOD

Water Revenue Bonds, Series 2009 A; and
Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and RECORDER of the Town of Stonewood in Harrison County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify, on this the 24th day of April, 2009, in connection with the Town of Stonewood Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$741,000 and bearing interest at the rate of 4.5% per annum (the "Series 2009 A Bonds") and the Town of Stonewood Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), No. BR-1, dated the date hereof, fully registered, in the principal amount of \$744,700 and bearing interest at the rate of 4.125% per annum (the "Series 2009 B Bonds") (collectively, the "Bonds" or the "Series 2009 Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: 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 of the Purchaser, dated July 15, 2002, and all amendments thereto, and as appears in Section 7.03 of the Ordinance of the Issuer duly adopted April 20, 2009, as supplemented by Supplemental Resolution duly adopted on April 20, 2009, authorizing issuance of the Bonds (the "Ordinance" or "Bond Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Ordinance when used herein. The Series 2009 Bonds are being issued to finance a portion of the cost of the acquisition and construction of the Project 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 monies committed for the System; 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 committed for the System or the Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies 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 operation of the System or the acquisition and construction of 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 Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on March 31, 2008 in Case No. 08-0027-PC-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. Such Order remains in full force and effect.

The Issuer has duly enacted a water rate ordinance on April 16, 2007 setting rates and charges for the System. The time for appeal of such ordinance has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

4. PUBLICATION AND NO PROTEST: Notice of public hearing upon the Bond Ordinance finally adopted and enacted, was duly published as required by law.

There was not any protest to the passage of the Bond Ordinance, oral or written, and the Bond Ordinance became fully effective following the public hearing thereon and remains in full force and effect.

5. 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 acquisition and construction of the Project.

There are no outstanding obligations of the Issuer which will rank on a parity with the Series 2009 Bonds as to liens, pledge and source of and security for payment.

6. SIGNATURES, ETC.: The undersigned Mayor and Recorder did, for the Issuer on the date of delivery of the Bonds on the date hereof, officially execute and seal the 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, appointed, 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.

7. 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, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Public Service Commission Orders

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Loan Resolutions

Specimen Series 2009 A Bond

Specimen Series 2009 B Bond

Town Charter

Oaths of Office of Officers and Council Members

Resolution on Open Governmental Proceedings

Water Rate Ordinance

Affidavit of Publication on Rate Ordinance

Minutes on Adoption and Enactment of Rate Ordinance

Affidavit of Publication on Bond Ordinance

Minutes on Adoption and Enactment of Bond Ordinance

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

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Christopher Davis	- Mayor	July 1, 2007	June 30, 2009
John Ciesla	- Recorder	July 1, 2007	June 30, 2009
Barbie Clutter-Watt		July 1, 2007	June 30, 2009
Dan Carder		July 1, 2007	June 30, 2009
James Nutter		July 1, 2007	June 30, 2009
Christopher Westfall		July 1, 2007	June 30, 2009
Angela Sipko		July 1, 2007	June 30, 2009

The duly appointed and acting Attorney for the Issuer is Thomas R. Michael, of Lost Creek, West Virginia.

9. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Bonds were delivered to the Purchaser at Stonewood, West Virginia, by the undersigned Mayor for the purposes set forth herein, and at the time of such delivery the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Ordinance.

At the time of delivery of the Bonds, the amount of \$49,050 was received by the undersigned Mayor, being a portion of the entire principal amount of the Series 2009 A Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2009 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.5% per annum is payable from the date of each such advance.

At the time of delivery of the Bonds, the amount of \$49,050 was received by the undersigned Mayor, being a portion of the principal amount of the Series 2009 B Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2009 B Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.125% per annum is payable from the date of each such advance.

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

10. 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

10. 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 Bonds.

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

12. 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 of the Purchaser, as amended, and the Bond Ordinance.

13. CONNECTIONS, ETC.: The Issuer will serve at least 465 bona fide full-time users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

14. 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 such Purchaser.

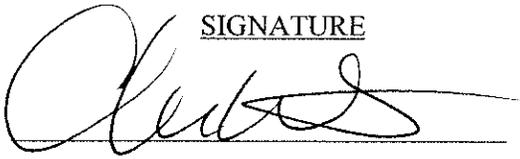
15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond 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.

16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

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

[CORPORATE SEAL]

SIGNATURE


OFFICIAL TITLE

Mayor

John E. Ceska

Recorder

Thomas Q. Michael

Attorney for Issuer

04.16.09
870790.00001



TOWN OF STONEWOOD

Water Revenue Bonds, Series 2009 A; and
Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Dominick P. Cerrone, Registered Professional Engineer, West Virginia License No. 14750, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of the Town of Stonewood (the "Issuer"), to be acquired and constructed in Harrison County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds 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.

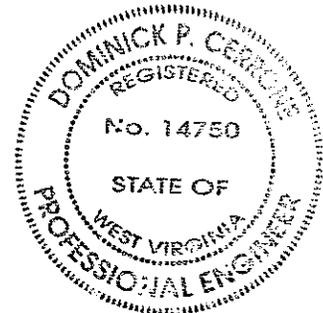
I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 24th day of April, 2009.

CERRONE ASSOCIATES, INC.



Dominick P. Cerrone, P.E.
West Virginia License No. 14750



At a Regular Term of the Circuit Court held in and for the County of Harrison, at the Courthouse thereof, on the 1st day of November, 1947, the following order was entered:

IN THE CIRCUIT COURT OF HARRISON COUNTY, WEST VIRGINIA.

IN RE:

INCORPORATION OF A CERTAIN TERRITORY LYING AND BEING IN CLARK DISTRICT, HARRISON COUNTY, WEST VIRGINIA, AND SEVERAL IN PARTS OF THE STONEWALL PARK AND LOGGERS ADDITIONS TO THE CITY OF CLARKSBURG, HARRISON COUNTY, WEST VIRGINIA.

This day came Rex Smith, Anthony Folio, Sandy LaDunck, John White and George A. Harry, by Wyatt and Randolph, their counsel, and presented and asked leave to file their application and petition with its exhibits, praying the incorporation of the territory herein after mentioned situate in Clark District, Harrison County, West Virginia, as a municipal corporation, to be named the town of Stonewood and said petition with its exhibits being seen and inspected by the court is ordered and filed. And the matters arising upon said petition was argued by counsel for said applicants and petitioners.

Upon consideration of all which and it appearing to the court that all of the provisions of Chapter Eight (8) of the Code of West Virginia, relating to the issuance of charter by judges of the Circuit Courts of West Virginia have been complied with and no person or persons appear to oppose said petition, the court is of the opinion to grant the same.

It is therefore, adjudged, ordered and decreed that the Clerk of this Court issue a certificate of incorporation of said territory in substance as follows: Whereas Velma Columbo, Eda Moorehead, and Sam Julian this day filed under oath a certificate showing that a majority of all of the qualified voters residing in the following boundary, to-wit: Beginning at a point on the bank of Elk Creek and running thence S. 66° 10' E. 100 feet to a saple on East side of road; thence N. 19° 30' E. 350 feet to a stake in center of road; thence N. 60° 00' E. 100 feet to stake in center of road; thence N. 19° 30' E. 350 feet to stake in center of road; thence S. 66° 10' E. 100 feet to a

to stake in center of road; thence leaving said road S. 27° 00' E. 2038 feet to a stake in center of Elmwood Avenue, thence S. 16° 30' W. to a stake in center of Norman Street; thence S. 56° 18' W. with center of Norman Street to a stake in center of intersection of Norman Street and Heavner Ave., thence with center line of Heavner Avenue S. 51° 00' E. 1560 feet to center of intersection of Heavner Avenue and Grasselli Street; thence with center line of Grasselli Street S. 40° 20' W. 1900 feet to a point on the bank of Elk Creek, thence with meanders of N. E. bank of Elk Creek back to place of beginning, have voted in due form of law in favor of a town to be named in the petition in this cause and now named the town of Stonewood bound as above set forth. And as it appears to the satisfaction of the Circuit Court of Harrison County, West Virginia, that all of the provisions of Chapter Eight (8) of the Code of West Virginia, by the applicants for said incorporation, said town of Stonewood , as a body corporate, duly authorized within the corporate limits as aforesaid, or as otherwise provided, to exercise all of the corporate powers conferred by said Chapter from and after the date of this certificate and which said certificate shall be signed by the Clerk of this Court.

It is further adjudged, ordered and decreed that Volma Columbo, Eda Moorehead, and Sam Julian , be, and they are hereby made Commissioners of election to act at the first election to be held in said town, and as provided by Section One (1), Article Three (3), Chapter Eight (8) of the Code of West Virginia.

STATE OF WEST VIRGINIA,
COUNTY OF HARRISON, TO-WIT:

I, Patricia S. Minehart, Clerk of the Circuit Court of Harrison County, State aforesaid, hereby certify the foregoing to be a true copy of the order entered in the Petition #10904-A - In Re: INCORPORATION OF STONEWOOD as the same appears of record in my office.

IN TESTIMONY WHEREOF, I hereunto set my hand and affix the Seal of this Court this 25th day of September, 1975.

Patricia S. Minehart
Clerk of the Circuit Court of
Harrison County, West Virginia

CERTIFICATE OF INCORPORATION

OF

STONELAND, WEST VIRGINIA

PEREGRINE, Valma Colombo, Eda Woodhead and Sam Julian this day filed under oath a certificate showing that a majority of all the qualified voters residing in the following boundary, to-wit: BEGINNING at a point on the bank of Elk Creek and running thence S. 66° 10' W. 400 feet to a angle on west edge of road; thence N. 64° 30' E. 355 feet to a stake in center of road; thence S. 84° 00' W. 151 feet to stake in center of road; thence S. with center of road S. 64° 30' W. 1330 feet to stake in center of road; thence leaving said road S. 27° 00' W. 7086 feet to a stake in center of Elkhound Avenue, thence S. 16° 30' W. to a stake in center of Horan Street; thence S. 50° 18' W. with center of Horan Street to a stake in center of intersection of Horan Street and Hayener Avenue; thence with center line of Hayener Avenue S. 54° 00' E. 1500 feet to center of intersection of Hayener Avenue and Cassell Street; thence with center line of Cassell Street S. 40° 20' W. 1900 feet to a point on the bank of Elk Creek; thence with meanders of N. E. bank of Elk Creek back to place of beginning, have voted in due form of law in favor of a town to be named in the petition in this cause and now named the town of STONELAND bound as above set forth.

And as it appears to the satisfaction of the Circuit Court of Harrison County, West Virginia, that all of the provisions of Chapter Eight (8) of the Code of West Virginia, by the applicants for said incorporation, said town of STONELAND, as a body corporate, duly authorized within the corporate limits as aforesaid, or as otherwise provided, to exercise all of the corporate powers conferred by said Chapter from and after the date of this certificate, and which said certificate shall be signed by the Clerk of this Court.

Given under my hand and the seal of said Court, this the first day of November, 1947.

Raymond C. Hall
 Clerk of the Circuit Court of
 Harrison County, West Virginia





TOWN OF STONEWOOD

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

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

1. Regular Meetings. A notice shall be posted and maintained by the Town Recorder at the front door or bulletin board of the Town Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Town Recorder not less than 3 business days before such regular meeting is to be held. The agenda listing the matters requiring official action that may be addressed at the meeting may be amended up to two (2) business days prior to the meeting. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

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

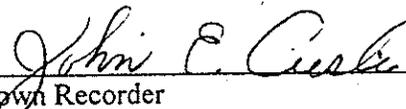
These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 2 day of March, 2007.



Mayor

ATTEST:



Town Recorder

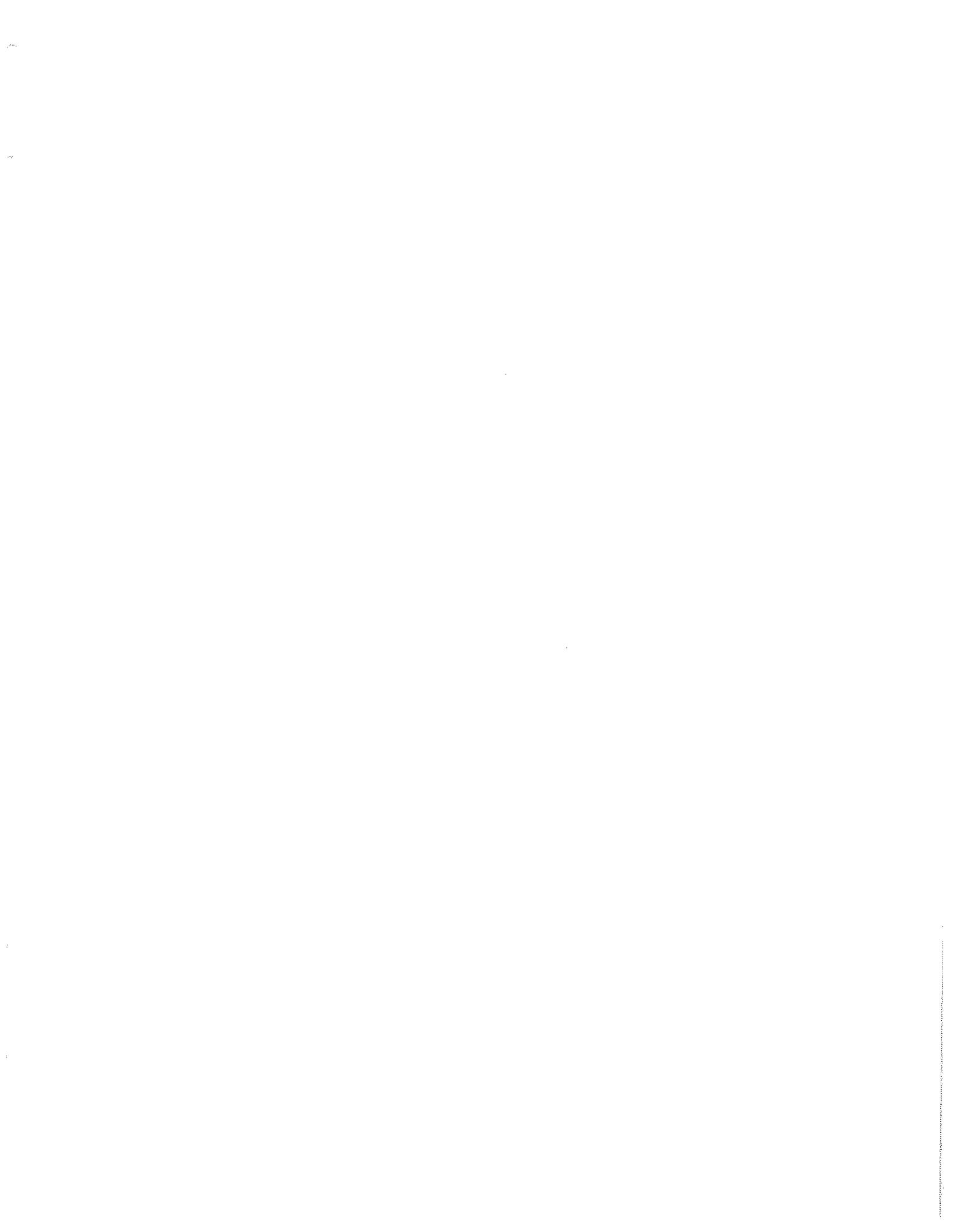
CERTIFICATION

I, Johh Ciesla duly elected Town Recorder of the Town of Stonewood do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the Town of Stonewood at a regular meeting held March 2nd pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 2nd Day of March, 2009.

[SEAL]


Town Recorder



ORDW Stonewood 07B
CITY OF STONEWOOD

AN ORDINANCE OF THE CITY OF STONEWOOD, WEST VIRGINIA, AMENDING THE ORDINANCE OR RATE SCHEDULE ESTABLISHING A REVISED SCHEDULE OF JUST AND EQUITABLE RATES, FOR THE SERVICE AND FACILITIES FURNISHED THE CUSTOMERS OF THE WATER DISTRIBUTION SYSTEM OF THE CITY OF STONEWOOD, WEST VIRGINIA.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY OF STONEWOOD that the Water rate schedule established for the customers of the Water system of the City of Stonewood be amended to reflect the following new rates: being an percentage increase of 39.98% for each class of customers.

SECTION 1 SCHEDULE OF RATES, CHARGES AND PENALTIES

APPLICABILITY

Applicable in entire territory served

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service

WATER RATES SCHEDULE 1-Every month

0	2,000 gallons	10.28 per thousand gallons
2,000	4,000 gallons	8.78 per thousand gallons
4,000	10,000 gallons	6.77 per thousand gallons
10,000	50,000 gallons	4.47 per thousand gallons
50,000	100,000 gallons	4.26 per thousand gallons
Over	100,000 gallons	4.14 per thousand gallons

MINIMUM CHARGE

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

5/8 inch meter	20.40 monthly
3/4 inch meter	30.55 monthly
1 inch meter	50.88 monthly
1 1/4 inch meter	74.40 monthly
1 1/2 inch meter	101.57 monthly
2 inch meter	162.74 monthly
3 inch meter	305.68 monthly
4 inch meter	509.74 monthly
5 inch meter	1,018.38 monthly

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid within (20) twenty days of date

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2007 MAR 27 AM 10:11
W. VA. ELECTRIC SERVICE
COMMUNICATION
SECTION AND OFFICE

of bill, ten percent (10%) will be added to the net amount shown.

RECONNECTION FEE

Twenty five dollars (\$25.00)

TAP FEE

\$800.00

BAD CHECK-RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the City's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$15.00.

INCREMENTAL COST OF WATER

\$4.39 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SECTION 2. EFFECTIVE DATE

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

SECTION 3. SEPERABILITY: 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, resolution, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder 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 The Clarksburg Exponent/Telegram, being a qualified newspaper of general circulation in the City of Stonewood, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before the Council of the City of Stonewood on April 2, 2007, at 7:00 P.M. , and be heard on the subject, following which hearing, the Council of the City of Stonewood 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 Recorder, City of Stonewood, West Virginia.

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2007 APR 27 AM 10:11
WEST VIRGINIA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Passed on First Reading: 4/2/07
Passed on Second Reading
(following Public Hearing): 4/16/07

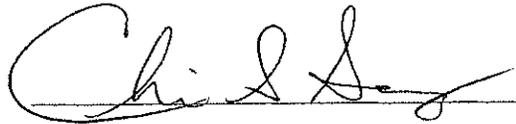
By: Kenneth L. Lasky
Mayor

ATTEST:
Cheri Sandy
Cheri Sandy, Recorder

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2007 APR 27 AM 10:12
W. VA. PUBLIC SERVICE
COMMISSION
SECURITY OFFICE

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on the first reading at a meeting of the Council of the City of Stonewood held on April 2, 2007, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the council of the City of Stonewood at the City Hall, 112 Southern Ave. Stonewood, West Virginia, on April 16, 2007 at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council of the City of Stonewood will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Recorder in City Hall, Stonewood, West Virginia during regular office hours.



Recorder

4/2/07

Date

RECEIVED
2007 APR 27 AM 10:12
W. VA. PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323



Phone: (304) 340-0300
FAX: (304) 340-0325

May 24, 2007

Kenneth L. Gorby, Mayor
City of Stonewood
112 Southern Avenue
Stonewood, WV 26301

ORDW Stonewood 07B

RECEIVED
07 MAY 24 PM 3:58
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Re: RFA 07-033
City of Stonewood
Water Rate Ordinance

Dear Mayor Gorby:

The City of Stonewood's (City) water rate ordinance adopted on April 16, 2007, and filed with the Public Service Commission (Commission) on April 27, 2007, has been referred by the Commission's Executive Secretary to the Commission's Legal Division for review. This letter will also confirm the Commission's receipt of the additional water rate ordinance information filed on May 16, 2007, by the City.

Based upon my review of the City's water rate ordinance information, the City has met the appropriate West Virginia Code requirements and has met all of the other requirements under Rules 22.1 - 22.5 of the Commission's Rules for the Construction and Filing of Tariffs (C.S.R. §150-2-22).

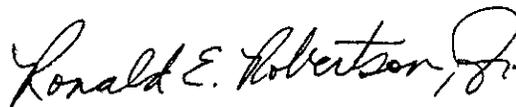
In conclusion, the City's water rate ordinance was held by the Commission's Executive Secretary until the expiration of the statutory thirty (30) day protest period. This protest period started from the City's adoption date of April 16, 2007, and ended on May 16, 2007.

Based upon my review of the Commission's files, there have been no protests filed against the City's water rate ordinance. Therefore, the City's water rate ordinance will be forwarded to the Commission's Tariff Analyst, Ms. Vickie Young, for processing. These

RFA 07-033
May 24, 2007
Page 2

new rates would become effective on and after May 31, 2007, (45 days after adoption) as stated in the water rate ordinance. If you should have any questions, please do not hesitate to contact me at your convenience.

Yours truly,



RONALD E. ROBERTSON, JR.
Staff Attorney
(304)340-0336
State Bar I.D. No. 4658

RER/s

cc: Sandra Squire, Executive Secretary
Caryn Watson Short, Supervising Attorney
Amy Swann, Director, Water and Wastewater Division
Vickie Young, Tariff Officer

H:\RROBERTSON\stonewoodw.ord.wpd

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W. VA. PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

ORDW Stonewood 07B

P.S.C. W. Va. No. 11
Canceling P.S.C. W. Va. No. 10

CITY OF STONEWOOD, a municipal utility

OF

STONEWOOD, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Stonewood, Harrison County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

2007 JUN 8 AM 9 21

RECEIVED

Issued June 5, 2007

Effective for service rendered on or after May 31, 2007
or as otherwise provided herein

Adopted by City Council

Issued by City of Stonewood, a municipal utility

By Kenneth L. Dorby
Mayor

Title

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission., shall automatically be a part of any contract between any Consumer and the City of Stonewood.

- II. The following rules and regulations adopted by the City of Stonewood, a municipal corporation, and all amendments thereto and modifications thereof hereafter made by said City of Stonewood, a municipal corporation, shall automatically be a part of the contract between any consumer and the said City of Stonewood:
 1. A. Wherever the word 'Consumer' shall hereafter appear, it shall be taken to mean any person, firm or corporation, supplied, or to be supplied, with water by the City of Stonewood.

B. Wherever the word "City" shall hereafter appear, it shall be taken to mean the City of Stonewood, Harrison County, West Virginia, a municipal corporation engaged in the business of furnishing, distributing and selling water.

 2. A. No service connection shall be made to the distributing mains of the City except upon a written application made by the Consumer on a form prepared by the City and the approval thereof endorsed thereon by the City or its duly authorized agent.

B. No such application shall be approved by the City or its duly authorized agent until all arrears and charges due by the Consumer at any premises now or heretofore occupied by him shall have been paid, or satisfactory arrangements have been made in regard thereto.

Issued June 17, 1975

Effective June 17, 1975

Issued by authority of PSC W. Va. No. 1 issued December 13, 1950

RULES AND REGULATIONS (Continued)

- C. If the Consumer who makes the written application for water service does not own the premises for which water service is sought, he shall deposit with the City, at the time of filing his application, the sum of \$6.00 security for the payment of any future water bills. Said deposit shall be returned to said Consumer, on his demand, upon discontinuance of Service and upon the payment by the Consumer of his final bill in full. The City may also, at any time after satisfactory credit is established, return the deposit to any Consumer

- D. Accepted application for water to be supplied to any premises shall constitute a license to the Consumer to take and receive a supply of water for said premises for the purpose specified in such application. If the Consumer shall use, or knowingly permit to be taken or used, water from said premises for any persons, or purposes other than these specified in such application, such use shall be deemed wrongful and a violation of the contract, and the City shall have the right to discontinue the supply of water to said premises after due notice to the Consumer unless the Consumer shall have first obtained the written permission of the City to use the water in such manner not specified by the application.

- 3. A. If any Consumer shall not pay his monthly water bill within 30 days of the date of the bill, or shall violate the rules and regulations, or shall use the water fraudulently, the City shall have the right to discontinue water service to such Consumer, after twenty-four hours written notice to the Consumer.

- B. If the water service is disconnected, as aforesaid, a reconnection charge of \$1.00, payable in advance, for restoring the service shall be charged, provided, however, that Consumers who have been disconnected for fraudulent use of the water may be charged the actual cost of making such reconnection.

Issued June 17, 1975

Effective June 17, 1975

Issued by authority of PSC W. Va. No. 1 issued December 13, 1950

RULES AND REGULATIONS (Continued)

4. The minimum charge hereinafter set forth shall be assessed against each unit of service, under the following regulations:
 - A. A customer or unit of service shall consist of any aggregation of space or area occupied for a distinct purpose, such as a residence, an apartment, a suite of rooms, a flat, a store, an office, a factory, etc., which is occupied with one or more fixtures for rendering service separate and distinct from other users.
 - B. Suites of rooms in houses or apartments, having one or more rooms with toilet facilities but without kitchen facilities for cooking, shall not be classed as a unit of service within the provisions of Section A, and the owner of the said premises shall be billed for the premises as one unit and shall be charged with service charges as set forth in said tariff, provided, however, that the owner shall be assessed separately for any units with separate kitchen facilities for cooking.
 - C. Said service charges shall be assessed separately as to each unit but the charges themselves shall be made a charge against the owner of the premises in which the unit or units are situated, and not against the occupant thereof. In the event that the service charge required to be paid by the owner of the premises calculated upon the size of the meter installed to serve the separate un-metered units is greater than the total aggregate amount of the service charges assessed against the separate units situated therein, the former shall be charged, or should the aggregate amount of service charges against the separate units therein be greater than the service charge to be paid by the owner of the premises calculated upon the size of the meter installed to serve the separate un-metered units, then the total aggregate amount of the separate service charges shall be paid. In no event shall the owner of the premises be assessed with both such service charges.
 - D. Where a water user maintaining no separate facilities for service is so situated that he must carry all or the larger part of his requirements from fixtures supplying the property owner or other users or where he habitually turns to such fixtures for his own use, the property owner permitting such use shall pay a distinct and separate service charge for this use.

Issued June 17, 1975

Effective June 17, 1975

Issued by authority of PSC W. Va. No. 1 issued December 13, 1950

RULES AND REGULATIONS (Continued)

5. On any service line to premises wherein the water is to be used for Steam Boilers, or Hot Water Heating Systems, the Consumer shall at his expense have a check valve installed in his service line at some point between where water is to be used and the City's main, and subject to the approval of the City.

Any Consumer having a supply tank into which the water from the City's service is supplied and such tank is elevated to such a point as to create a pressure at the point where the City's service enters the tank, then before the City shall be obliged to furnish a supply of water the Consumer shall have installed at his expense a check valve in the supply line on the premises supplied at or near the ground level.

6. For the purpose of preserving and protecting the healthfulness of the water supply furnished by the City for private or public use, and to the end that the City may be enabled to fulfill its duties and obligations to the public, and to conform to any or all of the Rules and Regulations of the Public Service Commission of West Virginia and the State Department of Health, regarding the character and quality of its water supply, the City shall not make, or allow to be made, any physical connections in its water supply system to that of any other pipe system or equipment, where such other pipe system or equipment in any manner receives all or any part of its supply of water directly or indirectly from wells, streams, or any sources other than from that of the water system of the City.
7. In the event of any change in Consumer (tenant or owner) of any premises connected with the system of the City for water supply service, the City shall be immediately notified in writing by the new Consumer of such change, giving in such notice the name and address of the new Consumer (tenant or owner) whereupon the City may require the new Consumer to make application for water service in the same manner as is provided for a new service connection. In the absence of such application by such new Consumer the use of the City's service may, at the option of the City, be taken and construed to be an acceptance by such new Consumer and the City.

Issued June 17, 1975

Effective June 17, 1975

Issued by authority of PSC W. Va. No. 1 issued December 13, 1950

RULES AND REGULATIONS (Continued)

7. (Continued)

In the event any new Consumer fails to notify the City, in writing, of such change in occupancy or ownership of said premises connected for water supply service, such Consumer shall continue to be liable to the City for all the rates and charges accruing for such service until paid or until contractual relations are terminated by either party.

8. The City shall have the privilege of shutting off the supply of water from any Consumer's premises, or from distributing main, when necessary because of accidents, of break downs for the purpose of making connections, repairs, renewals, extensions, or replacements, or for any cause beyond its control. However the City shall use its best efforts, so far as the circumstances will permit, to give due notice to its Consumers of its intention to cut off the supply.
9. All premises connected with the City's system for its water supply shall at all reasonable hours be open to any duly authorized representative of the City for the purpose of installing, removing, repairing, or reading meters, inspecting the property and premises, and the connections and water fixtures or appliances therein. Such representative, however, to be identified by a badge or by a certificate signed by the superintendent of the water department or the City Recorder, or by some other suitable method of identification.
10. All water supply delivered to the premises of a Consumer shall be paid for in accordance with the City's schedule of rates in force, and filed with the Public Service Commission. Settlement for such water supply to be made within such period of time as is prescribed by the City, and to be made at the City Recorder's office, or at any designated branch collecting agency, excepting that all bills shall become due and payable forthwith in case of the discontinuance of the use of water.

Issued June 17, 1975

Effective June 17, 1975

Issued by authority of PSC W. Va. No. 1 issued December 13, 1950

RULES AND REGULATIONS (Continued)

11. The City shall have the right to shut off the water and remove its property from the premises of the Consumer for any of the following reasons:

- 1st. For non-payment of any bills due under this or any previous contract.
- 2nd. For fraudulent tampering with the meter or piping on the premises.
- 3rd. For removal of the Consumer from the premises.
- 4th. For selling or delivering water to the other occupants premises without the written permission of the City.
- 5th. For failure to make or increase an advance payment or deposit on the lawful demand of the City.
- 6th. For leakage or waste of water from the Consumer's piping.
- 7th. For failure to comply with these rules and regulations or for the violation of any of them.

12. All pipe, fittings, equipment, meters or other appliances between the City's distributing mains and the property line of the Consumer and any meters, and equipment incident thereto that may be inside the Consumer's property line when installed at the expense of the City, shall at all times be, and remain the property of the City, and may at any time during reasonable hours, be removed by it upon the discontinuance of service.

The character and arrangement of the service line shall be subject to the approval of the City, but the City shall not be responsible for or have any duty or obligations with respect to the same. In the installation of a service line the Consumer must not install any tees or branch connections and must leave the trench open and pipes uncovered until it is exhibited to the City's inspector free of such irregularities.

Issued June 17, 1975

Effective June 17, 1975

Issued by authority of PSC W. Va. No. 1 issued December 13, 1950

RULES AND REGULATIONS (Continued)

13. The foregoing rules and regulations of the City are subject to additions and changes by the City and such additions and changes shall become a part of any contract between the City and Consumer if lawful under the rules of the Public Service Commission of West Virginia, or by laws governing said Commission.

Disconnect For Non-Payment

The utility may disconnect service to any customer for non-payment of bill but must first make a diligent effort to induce the customer to pay the same and no discontinuance shall be effected until after at least twenty-four (24) hours written notice to the customer.

Issued June 17, 1975

Effective June 17, 1975

Issued by authority of PSC W. Va. No. 1 issued December 13, 1950.

(N) APPLICABILITY

Applicable in entire territory served

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service

(C,I) WATER RATES SCHEDULE I - Every month

0	2,000 gallons used monthly	\$ 10.28 per 1,000 gallons
2,000	4,000 gallons used monthly	\$ 8.78 per 1,000 gallons
4,000	10,000 gallons used monthly	\$ 6.77 per 1,000 gallons
10,000	50,000 gallons used monthly	\$ 4.47 per 1,000 gallons
50,000	100,000 gallons used monthly	\$ 4.26 per 1,000 gallons
Over	100,000 gallons used monthly	\$ 4.14 per 1,000 gallons

(I) MINIMUM CHARGE

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

	5/8 inch meter	\$ 20.40 monthly
	3/4 inch meter	\$ 30.55 monthly
1	inch meter	\$ 50.88 monthly
1 -	1/4 inch meter	\$ 74.40 monthly
1 -	1/2 inch meter	\$ 101.57 monthly
2	inch meter	\$ 162.74 monthly
3	inch meter	\$ 305.68 monthly
4	inch meter	\$ 509.74 monthly
5	inch meter	\$1,018.38 monthly

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 the net amount shown.

- (N) Indicates new
- (C) Indicates change in text
- (I) Indicates increase

RECONNECTION FEE

Twenty-five dollars (\$25.00)

(C,I) TAP FEE
\$800.00

(C) BAD CHECK – RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the City's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$15.00.

(I) INCREMENTAL COST OF WATER

\$4.39 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

(C) Indicates change in text
(I) Indicates increase

STONEWOOD CITY COUNCIL MEETING April 2, 2007

The regular meeting of the Stonewood City Council was held April 2, 2007 at 7:00 p.m. at City Hall. Members present were Mayor Gorby, Recorder Sandy, Council Members Carder, Ciesla, Nutter, and Sipko. Also present were Street Supervisor Cobun, Treasurer Seti, Police Chief Bokey, and Police Captain Miller.

Mayor Gorby asked for any additions or corrections to the minutes of the March 19, 2007 meeting. Minutes were approved as read.

Department Head Reports:

Treasurer's Report:

Committee Reports:

Mayor Gorby stated that only a Council Member can be on a committee, *Relating to the Fire Dept* which we have to put John Ceisla on the Fire department Committee.

Old Business:

Mayor asked for a motion for the City wide Yard Sale to be June 8th & June 9th. Motion made by Cheri Sandy seconded By Angie Sipko. The I's have it.

Mayor asked for a motion for Stonewood Cleanup/Pickup program to be May 7th-11th, the price will be \$20.00. Motion made by Jim Nutter seconded by Dan Carder. The I's have it.

Mayor Gorby discussed about Norwood School access safety plan, which Rick Miller is on the School safety PTA.

Mayor asked John Ceisla to discuss about the Revenue Enhancement Program. ~~This is only if there is any money for Stonewood to collect from B&O Taxes.~~ It is no charge to us unless they find monies for Stonewood. Motion made by John Ceisla seconded by Angie Sipko to accept the proposal for revenue enhancement program. The I's have it.

New Business:

Mayor spoke about the lady from Public Health Department that was supposed to attend that was unable. To talk about in case of influenza, who should be first considered for immunization the Police department, Office Staff, Street Department, and City Council.

Mayor Gorby had Recorder Sandy to read the first reading of ordinances about the water rates. Percentage increase 39.98% for each class of customers. Motion made by Angie Sipko seconded by Dan Carder. I's have it.

STONEWOOD CITY COUNCIL MEETING April 16, 2007

The regular meeting of the Stonewood City Council was held April 16, 2007 at 7:00 p.m. at City Hall. Members present were Mayor Gorby, Recorder Sandy, Council Members Carder, Ciesla, Nutter, and Sipko. Also present were Street Supervisor Cobun, Treasurer Seti, Police Chief Bokey, and Police Captain Miller.

Mayor Gorby asked for any additions or corrections to the minutes of the April 2, 2007 meeting. Minutes were approved as read.

Department Head Reports:

Committee Reports:

Mayor Gorby asked John Ciesla for an update about the repairing of the electrical system at the City Building. John Ciesla stated that he had sent a letter to Bernie Fazzini to try and help in finding funds for small towns concerning these kinds of projects.

Rick Miller received a phone call from Ron Watson about acquiring an Emergency Warning System for the City of Stonewood. He will have to check on prices and try to find the city some funding for the System.

Old Business:

The Public meeting held on April 16, 2007 at 6:30 PM was open for the public to make comments or voice concerns about the water project. There were a lot of comments and concerns from the public. But Mayor Gorby answered all questions, and he also let public know that it is still an ongoing process, which will be starting very soon.

Mayor Gorby stated there is a meeting for the Property owners and renters on Water Street, Wednesday, April 18, 2007 at 6:00 PM at the Clarksburg City Building to discuss doing a buy out deal.

Mayor Gorby talked about the second reading on the Water project. This has been an ongoing process for 8 years now. Motion made by Danny Carder seconded by John Ciesla, motion passed.

New Business:

Mayor Gorby stated there would be a meeting on May 8, 2007 at 1:30 PM at the Waldomore Building in Clarksburg to discuss concerns about the proposed garbage rate increase by the landfill.

Mayor Gorby stated he would again bring up the Revenue Enhancement Program at next meeting, after everyone has a chance to look over the contract.

Mayor Gorby stated there would be a Budget Meeting April 17, 2007 at Council Chambers at 5:30 PM. This meeting will be to lay the Levy Rates.

CITY OF STONEWOOD

AN ORDINANCE OF THE CITY OF STONEWOOD, WEST VIRGINIA, AMENDING THE ORDINANCE OR RATE SCHEDULE ESTABLISHING A REVISED SCHEDULE OF JUST AND EQUITABLE RATES, FOR THE SERVICE AND FACILITIES FURNISHED THE CUSTOMERS OF THE WATER DISTRIBUTION SYSTEM OF THE CITY OF STONEWOOD, WEST VIRGINIA.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY OF STONEWOOD that the Water rate schedule established for the customers of the Water system of the City of Stonewood be amended to reflect the following new rates: being an percentage increase of 39.98% for each class of customers.

SECTION 1 SCHEDULE OF RATES, CHARGES AND PENALTIES

APPLICABILITY

Applicable in entire territory served

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service

WATER RATES SCHEDULE 1-Every month

0	2,000 gallons	10.28 per thousand gallons
2,000	4,000 gallons	8.78 per thousand gallons
4,000	10,000 gallons	6.77 per thousand gallons
10,000	50,000 gallons	4.47 per thousand gallons
50,000	100,000 gallons	4.26 per thousand gallons
Over	100,000 gallons	4.14 per thousand gallons

MINIMUM CHARGE

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

5/8 inch meter	20.40 monthly
¾ inch meter	30.55 monthly
1 inch meter	50.88 monthly
1 ¼ inch meter	74.40 monthly
1 ½ inch meter	101.57 monthly
2 inch meter	162.74 monthly
3 inch meter	305.68 monthly
4 inch meter	509.74 monthly
5 inch meter	1,018.38 monthly

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid within (20) twenty days of date



RECEIVED

2007 APR 27 AM 10:12

W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

PUBLISHER'S CERTIFICATE

I, SARA V. Shingleton, Classified
Manager of THE EXPONENT TELEGRAM, a
newspaper of general circulation published in the City of
Clarksburg, County and state aforesaid, do hereby certify
that the annexed:

NOTICE CITY OF STONEWOOD NOTIC

was published in THE EXPONENT-TELEGRAM 1
time(s) commencing on
the 11th day of April 2007 and ending on
the 11th day of April 2007 at the request of
CITY OF STONEWOOD.

Given under my hand this 11th day of April 2007

The publisher's fee for said publication is: \$20.80
for 160 words at \$0.1300 per word per day.

Sara V. Shingleton
Classified Manager of The Exponent-Telegram

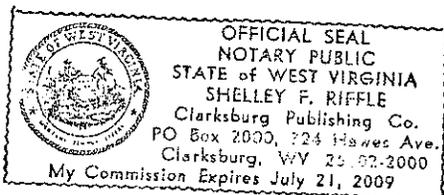


Subscribed to and sworn to before me this 11th day of
April 2007.

Shelley F. Riffle
Notary Public in and for Harrison County, WV

My commission expires on:
The 21 day of July 2009

NOTICE
CITY OF STONEWOOD
Notice is hereby given that the City of Stonewood, a municipal corporation, will hold a hearing before the final vote on a proposed ordinance, the principal object of which is the increase of water rates for customers of the water system operated by the City of Stonewood. The title of such ordinance is "An Ordinance of the City of Stonewood, West Virginia, amending the water rates, charges and penalties for the service to the customers of water distribution system of the City of Stonewood." The final vote on adoption of said proposed ordinance shall be held in the Council Chambers of the City of Stonewood, City Hall, 112 Southern Avenue, Stonewood, West Virginia, of April 16, 2007, at seven o'clock (7:00) p.m. Interested parties may appear and be heard at such time with respect to passage of the proposed ordinance. Copies of the proposed ordinance are available at Stonewood City Hall, 112 Southern Ave., Stonewood, WV.



RECEIVED

2007 MAY 16 AM 9:09

W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

PUBLISHER'S CERTIFICATE

I, SARA V. Shingletton, Classified Manager of THE EXPONENT TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and state aforesaid, do hereby certify that the annexed:

STONEWOOD CITY COUNCIL HELD TH

was published in THE EXPONENT-TELEGRAM 2 time(s) commencing on the 21st day of April 2007 and ending on the 28th day of April 2007 at the request of CITY OF STONEWOOD.

Given under my hand this 30th day of April 2007

The publisher's fee for said publication is: \$40.95 for 180 words at \$0.1138 per word per day.

Sara V. Shingletton

Classified Manager of The Exponent-Telegram



Subscribed to and sworn to before me this 30th day of April 2007.

Shelley F. Riffle

Notary Public in and for Harrison County, WV

My commission expires on:

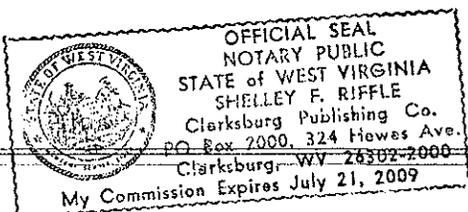
The 21 day of July 2009

Stonewood City Council held the second and final hearing Monday, April 16, 2007, on an ordinance to increase water rates for residents and non-residents of the city. Council then approved on second and final reading new water rates to become effective upon approval from the Public Service Commission of West Virginia.

The additional revenues will be used to offset the cost increase being passed on the City of Stonewood by the Clarksburg Water Board. Stonewood Water Board revenues will increase about 12.8% with the new rates to be imposed. Customers using an average of 4,500 gallons of water a month will see their water bill increase \$12.08. Additionally, the new ordinance will increase tap fees to \$800.

A complete copy of the proposed rates is available for inspection at the Stonewood Municipal office at 112 Southern Avenue and also through the Public Service Commission.

Anyone wanting to protest the rate change request must do so in writing. Any notices of protest should be sent to Executive Secretary, Public Service Commission of West Virginia, P.O. Box 812, Charleston, West Virginia 25323.



RECEIVED

2007 MAY 16 AM 9:09

PUBLISHER'S CERTIFICATE

WEST VIRGINIA PUBLIC SERVICE COMMISSION SECRETARY'S OFFICE

SARA V. Shingleton, Classified Manager of THE EXPONENT TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and state aforesaid, do hereby certify that the annexed:

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that The City of Stonewood, a public utility, has adopted by ordinance on April 16, 2007, a tariff containing increased rates, tolls and charges for furnishing water service to 840 customers in the County of Harrison. The proposed increased rates and charges will become effective May 31, 2007 unless otherwise ordered by the Public Service Commission and will produce approximately \$113,546 annually in additional revenue, an increase of 39.98%. The average monthly bill for the various classes of customers will be changed as follows:

	(\$) INCREASE	(%) INCREASE
Residential	\$12.08	39.98%
Commercial	\$12.08	39.98%

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

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

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

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at any of the following offices of the utility:

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

PUBLIC NOTICE CHANGE IN RATES

was published in THE EXPONENT-TELEGRAM 2 time(s) commencing on the 21st day of April 2007 and ending on the 28th day of April 2007 at the request of CITY OF STONEWOOD.

Given under my hand this 30th day of April 2007

The publisher's fee for said publication is: \$143.10 for 629 words at \$0.2275 per word.

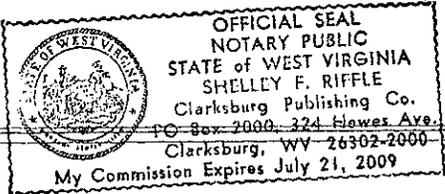
Sara V. Shingleton
Classified Manager of The Exponent-Telegram



Subscribed to and sworn to before me this 30th day of April 2007.

Shelley F. Riffle
Notary Public in and for Harrison County, WV

My commission expires on:
The 21 day of July 2009



NOTICE OF PUBLIC HEARING ON THE TOWN OF STONEWOOD BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the Town of Stonewood (the "Town") to be held on Monday, April 20, 2009, at 7:00 p.m. at the Town Hall, 112 Southern Avenue, Stonewood, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

TOWN OF STONEWOOD ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF STONEWOOD, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE); AND THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (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-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs. The Bonds are payable only from the Net Revenues to be derived from the operation of the System. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Stonewood on April 6, 2009. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours. Following the public hearing, the Town intends to enact the Ordinance upon final reading.

/s/ Christopher Davis Mayor

PUBLISHER'S CERTIFICATE

I, Sara V. Shingleton, Classified Manager of THE EXPONENT TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and state aforesaid, do hereby certify that the annexed:

NOTICE OF PUBLIC HEARING ON TH

was published in THE EXPONENT-TELEGRAM 2 time(s) commencing on the 7th day of April 2009 and ending on the 14th day of April 2009 at the request of STEPTOE & JOHNSON. Given under my hand this 28th day of April 2009

The publisher's fee for said publication is: \$88.95 for 391 words at \$0.1137 per word per day.

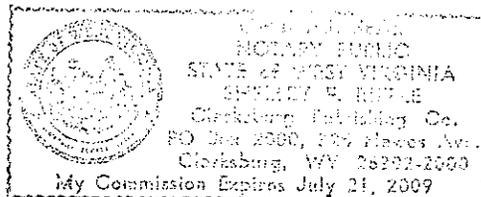
Sara V. Shingleton Classified Manager of The Exponent-Telegram



Subscribed to and sworn to before me this 28th day of April 2009.

Shelley G. Ruffie Notary Public in and for Harrison County, WV

My commission expires on: The 21 day of July 2009



TOWN OF STONEWOOD

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

EXCERPT OF MINUTES ON ADOPTION OF BOND ORDINANCE,
SUPPLEMENTAL RESOLUTION, RULES RESOLUTION
AND FIRST DRAW RESOLUTION

The undersigned Recorder of the Town of Stonewood (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Town.

* * *

* * *

* * *

The Council of the Town met in regular session, pursuant to notice duly given, on the 20th day of April, 2009, in Stonewood, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Christopher Davis	-	Mayor
	John Ciesia	-	Recorder
	Barbie Clutter-Watt	-	Councilperson
	Dan Carder	-	Councilperson
	James Nutter	-	Councilperson
	Christopher Westfall	-	Councilperson
	Angela Sipko	-	Councilperson

ABSENT:

Christopher Davis, Mayor, presided, and John Ciesia, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF STONEWOOD, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE); AND THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (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

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Dan Carder and seconded by Angela Sipko, it was unanimously ordered that the said Bond Ordinance be adopted and be in full force and effect on and from the date hereof.

The Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION MAKING PROVISIONS AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2009 A AND WATER REVENUE BONDS, SERIES 2009 B OF THE TOWN OF STONEWOOD, AND MAKING OTHER PROVISIONS AS TO THE BONDS..

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

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Dan Carder and seconded by Angela Sipko, it was unanimously ordered that the said Draw Resolution be adopted.

* * *

* * *

* * *

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

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Stonewood and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 24th day of April, 2009.


Recorder

March 16, 2009

Stonewood City Council Minutes

City of Stonewood
County of Harrison
State of West Virginia

The Stonewood City Council met in regular session Monday, March 16th, at 7:00 p.m. in council chambers of the City Building, with Mayor Davis presiding.

Invocation and Pledge of Allegiance:

The Invocation was lead by Mayor Davis followed by the Pledge of Allegiance

Council Members Present: Mayor Davis; Recorder Ciesla; Councilors Carder, Sipko, Nutter, Westfall

Council Members Absent:

City Staff Present: Treasurer Seti, Office Manager McIntyre, Street Supervisor Yost, Police Chief Bokey, Fire Chief Minor

Approval of Minutes:

Minutes of the March 2, 2009, regular council meeting were read and accepted. Motion to accept the minutes made by Councilor Sipko, seconded by Councilor Carder. Motion carried.

Special Guests:

Dominick Cerrone with Cerrone and Associates was on hand to apprise council of the water project. He informed council of the requirements necessary to be completed prior to the start of construction and offered a timeline of events.

Agenda:

A) Ordinance Authorizing the Disposal of Surplus Personal Property Owned by the City of Stonewood

Motion to accept the ordinance on first reading made by Sipko, seconded by Nutter and approved unanimously. The ordinance will be forwarded to the City Attorney for review.

B) Annual Municipal Budget Meeting on March 23, 2009

The next Budget Work Session is scheduled for Monday March 23 at 7 pm. A special Budget Meeting to approve the budget is scheduled for Thursday March 26 at 7pm.

C) First Reading for Water Revenue Bond

To consider on first reading and act upon a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2009 A and Water Revenue Bonds, Series 2009 B (the "Bonds"). The proceeds of the Bonds will be used (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer and (ii) to pay costs of issuance and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the water system of the City.

Motion to accept the Bond Ordinance on first reading by Councilor Sipko, seconded by Councilor Carder and approved unanimously.

D) Second Reading for the Mobile Home Ordinance

After much discussion the ordinance was approved. Motion to accept by Councilor Nutter, seconded by Councilor Carder and approved unanimously.

E) Water Project for Infrastructure Upgrade

Dominick Cerrone discussed this matter earlier with council.

F) Canvassing the Vote

Canvassing the vote for the Street Levy election is scheduled for Friday March 20, 2009 at 3:30 pm in council chambers.

Report by Police Chief:

Chief Bokey reported the "Land and Water Conservation Fund" signs for the playgrounds were now complete after being delayed due to lack of information available from the old signs.

The Chief reported rotted trees located at the top of Stout Street Hill that posed a hazard. The Mayor instructed Bokey to solicit estimates for the tree removal.

Report by Office Manager:

No report.

Report by Treasurer:

No report.

Report by Street Supervisor:

No report.

Report by Fire Chief:

No report.

Report by Councilor Carder:

Councilor Carder inquired about the City Cleanup. Carder also inquired as to how council members felt concerning the State Route 20 annexation being proposed by Nutter Fort

Report by Councilor Nutter:

No report.

Report by Councilor Sipko:

Councilor Sipko suggested the City consider a free cleanup this year. A free cleanup was discussed in the past but tabled due to financial situation of the waste fund at the time.

The Mayor stated he would add the City Cleanup as a topic for discussion at the next council meeting.

Report by Recorder:

Recorder Ciesla thanked Councilor Sipko, election poll workers Mary Ann Cowger, Kay DeFazio, Becky Betler, Mary Ann Malcolm, Louise Bartos, Kathern Paugh, Chris Petitto, Pam Davis, Angie Columbo and Tyler Terango for their invaluable assistance during the recent Levy Election.

Treasurer Seti and Office Manager McIntyre were praised for their help during early voting.

Report by Mayor:

Mayor Davis informed council the Community Corrections persons were scheduled to be on hand next Saturday working on the Water Street project.

Public Comments:

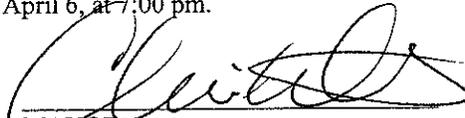
Citizen Jack Biafore inquired about sidewalks that were mentioned during the meeting. He also inquired about the alleged poisoning of dogs, which occurred in the City.

Adjournment:

There being no further business to come before Council, **Motion** by Councilor Nutter, **Seconded** by Councilor Carder **Approved Unanimously** for adjournment at 9:00 pm.

Next Meeting:

The next Council meeting is scheduled for April 6, at 7:00 pm.


MAYOR
RECORDER

APPROVED:

Date

STONEWOOD CITY COUNCIL MINUTES

April 6, 2009

Stonewood City Council Minutes

City of Stonewood
County of Harrison
State of West Virginia

The Stonewood City Council met in regular session Monday, April 6, at 7:00 p.m. in council chambers of the City Building, with Recorder Ciesla presiding.

Invocation and Pledge of Allegiance:

The Invocation was lead by Recorder Ciesla followed by the Pledge of Allegiance

Council Members Present:

Councilors Carder, Sipko, Nutter, Westfall

Council Members Absent:

Mayor Davis

City Staff Present:

Treasurer Seti, Street Supervisor Yost, Police Chief Bokey,

City Staff Absent:

Office Manager McIntyre, Fire Chief Minor

Approval of Minutes:

Minutes of the March 16, 2009, regular council meeting were read and accepted. Motion to accept the minutes made by Councilor Sipko, seconded by Councilor Carder. Motion carried.

Special Guests:

None.

Agenda:

A) Ordinance Authorizing the Disposal of Surplus Personal Property Owned by the City of Stonewood – 2nd Reading

Motion to accept the ordinance on second reading made by Councilor Sipko, seconded by Councilor Nutter and approved unanimously.

B) Second Reading for the Water Revenue Bond

To consider on second reading and act upon a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2009 A and Water Revenue Bonds, Series 2009 B (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer and (ii) to pay costs of issuance and related costs. The Bonds are payable solely from the revenues to be derived from the ownership and operation of the water system of the City.

Motion to accept the Bond Ordinance on second reading by Councilor Sipko, seconded by Councilor Carder and approved unanimously.

STONEWOOD CITY COUNCIL MINUTES

April 6, 2009

C) City Maintenance Truck to be sold by Nutter Fort

Councilor Westfall explained how this truck could be used by the Water and Sewer Departments to consolidate and store the tools, lights, fittings etc. to repair pipeline breaks. The truck can be purchased for \$500 and would require approximately \$200 in repairs in order to put in service.

Motion to purchase the maintenance truck from the Nutter Fort Councilor Westfall, seconded by Councilor Nutter and approved unanimously.

D) Water Project for Infrastructure Upgrade/Notice of Award for three Contracts

Motion to file with RUS letters of "Acceptance of Recommendation of Awards and Acceptance of Inspector Award" for the three water project contracts by Councilor Carder, seconded by Councilor Sipko and approved unanimously.

E) Excess Levy Results

Recorder Ciesla stated the Excess (Street) Levy passed by a vote of 73 to 10. The election vote was canvassed and the election certified.

F) City Budget for FY 09-10

The amount of the fiscal year 2009-2010 budget is \$563,359.

A special meeting was held on March 26th to approve the Levy Estimate. Recorder Ciesla stated the budget (levy estimate) was submitted to the State Auditor's Office.

G) City Wide Cleanup

Councilor Sipko proposed a no charge clean up to be scheduled for sometime in the fall of the year. This was discussed when the waste rates were increased. Street Supervisor Yost agreed this would be a good time because this is a traditionally less busy time of the year.

Much discussion took place. Council reached consensus on scheduling the Clean Up for the two weeks beginning the week of September 21 and September 28. The cost issue was tabled until further notice. The financial status the Waste Department will be assessed before deciding on charging for the clean up.

Report by Police Chief:

Chief Bokey submitted a list of properties he was working on for property violation notices. (6) Six of these properties were cleaned up, (5) five properties were issued warnings and (2) two properties were served with citations.

Report by Office Manager:

No report.

Report by Treasurer:

Treasurer Seti stated the City received the asbestos sample analysis from Firth Environmental for the property located at 107 Powell Avenue. Recorder Ciesla added the result of the sample analysis indicated no presence of asbestos. The next step would be for City to solicit bids for demolition.

Councilor Sipko inquired if the City Attorney has advised the status of the property and if a lien would be placed against the property for the cost of demolition. This information was not readily available.

STONEWOOD CITY COUNCIL MINUTES

April 6, 2009

Report by Street Supervisor:

Street Supervisor Yost stated the annual Consumer Confidence Report (CCR) had been published in accordance with the Safe Drinking Water Act. The CCR was accepted and is good for one (1) year.

Yost reported (4) four streetlights were installed by Allegheny power Service. The Police appreciated the additional visibility in the alley areas.

He also reported water and sewer taps were installed at 1060 Indiana Avenue, a new fire hydrant was installed at the corner of Cost Avenue and Gordon Street and potholes were being filled with black top.

Yost informed council residents could drop off used tires at the City compound without charge. Westfall asked if the City could remove accumulated tires from a house on Powell Avenue. Chief Bokey will add this to his to do list.

Yost stated Monty Cobun offered to remove the remaining houses on the Water Street Project for \$2,400.

Report by Fire Chief:

No report.

Report by Councilor Carter:

Councilor Carter inquired about the correction department personnel that were scheduled to work on the Water Street Project. One prisoner and a Supervisor were present to work on the project.

Report by Councilor Nutter:

Councilor Nutter informed council Mrs. Bernie Davis of 406 Maple Avenue would be 100 years old on April 11, 2009. He asked if the City would send Mrs. Davis a birthday card acknowledging her 100-year celebration.

Councilor Nutter stated the property in bankruptcy on Southern Avenue needs the grass maintained. He inquired if the City could mow the grass and place a lien against the property. Chief Bokey stated the City was currently working on this property.

Report by Councilor Sipko:

Councilor Sipko passed out copies of a newspaper article to council regarding the deadline for the 911 Addressing project. The article reported Harrison County did not make the deadline to submit completed addressing and mapping data. She inquired about the status of the City in completing addressing and mapping data. Recorder Ciesla stated a status would be given at the next Council Meeting.

Report by Councilor Westfall:

Councilor Westfall thanked Yost and his team for a good job on the CCR submission.

Westfall asked if an engineering firm could be hired to assist with updating the current pipeline maps. Recorder Ciesla commented this effort could possibly be funded as part of the discretionary money available through the Water Project.

Public Comments:

No citizen comments.

Executive Session:

None.

STONEWOOD CITY COUNCIL MINUTES

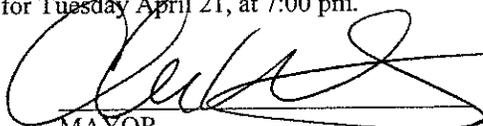
April 6, 2009

Adjournment:

There being no further business to come before Council, **Motion** by Councilor Sipko, **Seconded** by Councilor Carder **Approved Unanimously** for adjournment at 7:55 p.m.

Next Meeting:

The next Council meeting is scheduled for ^{Mon. 20} Tuesday April 21, at 7:00 pm.


MAYOR


RECORDER

APPROVED:

Date



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.



WV MUNICIPAL BOND COMMISSION

1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 24-Apr-09

(See Reverse for Instructions)

ISSUE: <u>Town of Stonewood</u>	
<u>Water Revenue Bonds, Series 2009 B (United States Department of Agriculture)</u>	
ADDRESS: <u>112 Southern Avenue, Stonewood, WV 26301</u>	COUNTY: <u>Harrison</u>
PURPOSE OF ISSUE:	
New Money: <u>x</u>	REFUNDS ISSUE(S) DATED: <u>NA</u>
Refunding: _____	
ISSUE DATE: <u>24-Apr-09</u>	CLOSING DATE: <u>24-Apr-09</u>
ISSUE AMOUNT: <u>\$744,700</u>	RATE: <u>4.125%</u>
1ST DEBT SERVICE DUE: _____	1ST PRINCIPAL DUE <u>NA</u>
1ST DEBT SERVICE AMOUNT <u>NA</u>	PAYING AGENT: <u>Issuer</u>

BOND COUNSEL:		UNDERWRITERS COUNSEL	
Firm: <u>Steptoe & Johnson PLLC</u>		Firm: _____	
Contact <u>John Stump, Esquire</u>		Contact: _____	
Phone: <u>(304) 353.8196</u>		Phone: _____	
CLOSING BANK:		ESCROW TRUSTEE:	
Bank: <u>Harrison County Bank</u>		Firm: _____	
Contact: <u>Debra C. Gray</u>		Contact: _____	
Phone: <u>304.326.2601</u>		Phone: _____	
KNOWLEDGEABLE ISSUER CONTACT		OTHER:	
Contact: <u>Christopher Davis</u>		Agency: <u>United States Department of Agriculture</u>	
Position: <u>Mayor</u>		Contact: <u>Joe Crickenberger</u>	
Phone: <u>304.623.2919</u>		Position: <u>Rural Development Specialist</u>	
		Phone: <u>304.636.2158</u>	

DEPOSITS TO MBC AT CLOSE			
By: _____	Wire _____	Accrued Interest: _____	\$ _____
	Check _____	Capitalized Interest: _____	\$ _____
		Reserve Account: _____	\$ _____
		Other: _____	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE			
By: _____	Wire _____	To Escrow Trustee _____	\$ _____
	Check _____	To Issuer _____	\$ _____
	IGT _____	To Cons. Invest. Fund _____	\$ _____
		To Other: _____	\$ _____

NOTES: Monthly debt service payments will be made directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2009 B Bonds Reserve Account. Payments into the Series 2009 B Bonds Reserve Account will commence 24 months following the date hereof.

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.



HARRISON Co. Planning
Commission

United States Department of Agriculture
Rural Development
West Virginia State Office

February 22, 2007

COPY

The Honorable Kenneth L. Gorby, Mayor
City of Stonewood
112 Southern Avenue
Stonewood, WV 26301

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Gorby:

This letter, with Attachment No. 1 amends the letter of conditions dated July 15, 2002 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan(s) 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 initial RUS loan in the amount of \$741,000, and a subsequent RUS loan in the amount of \$744,700, for a total project cost of \$1,485,700.

Subject to the requirements noted herein, all of the conditions of the July 15, 2002 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)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500
Phone: (304) 284-4850 OR 1-800-285-6228 • Fax: (304) 284-4883 • TDD: (304) 284-4836
Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6392 (TDD).

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.125% interest rate and monthly amortization factor of 0.00435 which provides for a monthly payment of \$3,240 on the subsequent loan. (The monthly payment for the initial \$741,000 loan is \$3,520 and the monthly payment for the subsequent \$744,700 loan is \$ 3,240 for a total loan of \$1,485,700 and a total monthly payment of \$ 6,760.

The bond for the \$744,700 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the \$741,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a \$1,485,700 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

2. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
3. Income Available – You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Form 1940-1 – “Request for Obligation of Funds”
RUS Bulletin 1780-27 – “Loan Resolution”
Form RD 1942-46 - “Letter of Intent to Meet Conditions”

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 Public Service District 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,

Deanne Hoff Crayden
for **ROBERT M. STEPTOE III**
State Director

Enclosures

cc: RUS Rural Development Specialist
Elkins, WV

Randall E. Vernon
Accounting and Consulting Services
1217 Van Buren Street
Clarksburg, WV 26301

Gregory H. Schillace, Esquire
P.O. Box 1526
Clarksburg, WV 26302-1526

Cerrone and Associates
401 Main Street
Wheeling, WV 26003

Bond Counsel

For: City of Stonewood Amendment No. 1 to the Letter of Conditions
 Date: February 22, 2007

**City of Stonewood Water System Improvement Project
 Project Construction Budget**

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>SUBSEQUENT RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 515,500	\$ 622,500	\$ 1,138,000
CONST. CONTINGENCY	\$ 38,800	\$ 46,700	\$ 85,300
LAND & RIGHTS	\$ 15,000	\$ -	\$ 15,000
LEGAL FEES	\$ 12,000	\$ -	\$ 12,000
BOND COUNSEL	\$ 15,000	\$ -	\$ 15,000
ACCOUNTING	\$ 2,500	\$ -	\$ 2,500
ENGINEERING FEES	\$ 100,000	\$ 28,000	\$ 128,000
Basic - \$50,000			
Insp. - \$63,000			
Special - \$15,000			
INTEREST - (1 year @ 4.5%)	\$ 17,500	\$ 47,500	\$ 65,000
ADMIN. & EQUIPMENT	\$ 5,000	\$ -	\$ 5,000
PROJECT CONTG.	\$ 19,900	\$ -	\$ 19,900
TOTAL	\$ 741,000	\$ 744,700	\$ 1,485,700

39,000



United States
Department of
Agriculture

Rural
Development

Copy to Stonewood
Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4898

July 15, 2002

The Honorable James Nutter, Mayor
City of Stonewood
112 Southern Avenue
Stonewood, WV 26301

Dear Mayor Nutter:

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. The loan 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 \$741,000, for a total project cost of \$741,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate 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)
- Attachment No. 2 - Water and Waste Processing Checklist for the City of Stonewood (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "

- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
 Attachment No. 11 - Sample Credit Agreement (Applicant Copy)
 Attachment No. 12 - Various other RD 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 4.75% interest rate and a monthly amortization factor of .00475, which provides for a monthly payment of \$3,520. 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, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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 equal priority with the City's outstanding bond, a pledge of the system's revenues and other agreements between you and 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 RUS Bulletin 1780-27 which is mentioned later.

The City's water revenue bond issue was sold in the 1987 asset sale. It will be necessary for the City's bond counsel to contact the GMAC Commercial Mortgage Corporation, 650 Dresher Road, P.O. Box 1015, Horsham, Pennsylvania, 19044-8015, to obtain consent for additional borrowing. Evidence of GMAC's consent must be provided to RUS prior to loan closing.

3. Users - This conditional commitment is based upon you providing evidence that there will be at least 465 bona fide users on the proposed system when it has

been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the City's existing water system which is to be partially replaced by the new system, at the time you request authorization to advertise the project for construction bids.

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 currently using 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 Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

Prior to loan closing, you must provide RUS with documentation that the West Virginia Public Service Commission has reviewed and approved the engineering agreement.

6. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission

of management reports and audits. Appropriate state statutes place certain audit requirements on your City. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the City already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
 - e. On the day of loan closing, the City's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title

Opinion" may be used. In the case of your existing system or where the City has already acquired real property(s) (land or facilities), the City's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount

equal to the maximum amount of funds to be under the control of that position at any one time. 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).

- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for

financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
- (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:

- (1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract - Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

- 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 City and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
 - (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
 - d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
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. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No.11).
 14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of the City, over 30 day periods.

The City 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. Water Purchase Contract - You propose to purchase treated water from the City of Clarksburg; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.
16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 442-7 - "Operating Budget"
 Form RD 1940-1 - "Request for Obligation of Funds"
 RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 Form RD 400-1 - "Equal Opportunity Agreement"

Form RD 400-4 - "Assurance Agreement"
 Form AD 1047 - "Certification Regarding Debarment - Primary"
 Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 Form RD 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)
 Certification of Compliance
 Form RD 1942-46, "Letter of Intent to Meet Conditions"

17. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan 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 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.

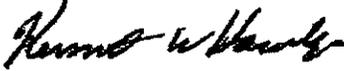
When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

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.

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,



JN JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Elkins, WV

Cerrone & Associates
401 Main Street
Wheeling, WV 26003

(Attorney)

(Accountant)

(Bond Counsel)



United States Department of Agriculture
Rural Development
Elkins Area Office

April 3, 2009

City of Stonewood
The Honorable Christopher Davis, Mayor
112 Southern Avenue
Stonewood, WV 26301

Dear Mayor Davis:

This letter is to confirm that the pre-closing meeting for the USDA Rural Development Rural Utilities Service (RUS) loans on the City of Stonewood water system improvement project is scheduled for April 22, 2009, at 10:00 a.m. in the Stonewood City Hall located at 112 Southern Avenue, Stonewood, West Virginia. A pre-construction conference will follow at 11:00 a.m. The official loan closing date will be April 24, 2009. The project attorney should attend the pre-closing meeting, and the project accountant should be available for consultation if needed.

Reference is made to the RUS Letter of Conditions dated July 15, 2002 and Amendment No. 1 to Letter of Conditions dated February 22, 2007. All of the requirements set forth in these letters must be met and the loans must be closed in accordance with RUS Instruction 1780. Many of the aforementioned items from the Letters of Conditions have already been addressed. Those items remaining to be satisfied prior to loan closing include:

1. The certifications on the RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)", must be completed at the pre-closing meeting.
2. The City's attorney will need to provide Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way", showing no exceptions. This form should be dated April 24, 2009.
3. The City's attorney must furnish a Form RD 1927-10, "Final Title Opinion", on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the City and used in association with the water system. The opinion(s) should be dated April 24, 2009, and they should include legal descriptions (and plats if they are available).
4. In accordance with Item 8(c) of the Letter of Conditions, the City's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be

Randolph Center Building • 1200 Harrison Avenue, Suite 150 • Elkins, West Virginia 26241
Phone: (304) 636-2158 • Fax: (304) 636-5902 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

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Washington, DC 20250-9410 or call (800)795-3272(voice) or (202) 720-6382 (TDD).

handled. If the City was unable to obtain the necessary property rights for any tract or right-of-way, a "right of entry" must be obtained for all properties before the pre-closing.

5. In accordance with the Legal Services Agreement, the project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project.
6. The construction contract books will include a certification for the City's attorney to sign in connection with the payment and performance bonds. The City's attorney will be responsible for recordation of the payment bond, and also the performance bond if it is deemed prudent to record it as well.
7. No later than the date of the pre-closing meeting, the City must provide written evidence that all required insurance coverage and fidelity bond coverage has been obtained in accordance with Item 11 of the Letter of Conditions.
8. In accordance with Item 7 of the Letter of Conditions, the project accountant must provide a certification stating that all accounts and records required by the bond ordinance have been established and are operational.
9. The City must provide RUS with a current copy of their Workers' Compensation Certificate or other proof of good standing with the State Workers' Compensation system.
10. The contractors involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions".
11. The first requisition for Rural Development funds should be created and submitted for Rural Development review as soon as possible. Once it is approved, the bond counsel will need to know the amount so that the bonds can be completed.
12. Please be prepared to have a properly called meeting of the City Council during the pre-closing process. Also please bring any official seal that the City uses for authenticating documents.
13. No later than the date of the pre-closing meeting, the City must provide copies of all applicable Public Service Commission certificates and/or approvals. A copy of the certificate of convenience and necessity order that became final on April 20, 2008, is already in the RUS case file.

14. If a permit is required from the West Virginia Department of Highways it must be on hand at the closing.
15. Nancy Taylor, Rural Development Technician in the Elkins Area Office, is planning to complete a Civil Rights Compliance Review with the City at the pre-closing meeting. Completion of this review will require an informal interview to obtain information about the water system customers, employees and governing body.

Thank you for doing business with USDA Rural Development. If you have any questions regarding these or any other matters pertaining to your loans, please contact our office at your earliest convenience.

Sincerely,

Joseph D. Crickenberger
Rural Development Specialist

cc: State Director
USDA- Rural Development

John C. Stump, Esquire ✓
Steptoe & Johnson, P.L.L.C.
PO Box 1588
Charleston, WV 25326-1588

Cerrone and Associates
ATTN: Dominick Cerrone, P.E.
401 Main Street
Wheeling, WV 26003

Randall E. Vernon
Accounting and Consulting Services
1217 Van Buren Street
Clarksburg, WV 26301

Thomas R. Michael, Esquire
PO Box 250
Lost Creek, WV 26835-0250

Harrison County Planning Commission
ATTN: Terry Schulte
301 West Main Street
Ground Floor Annex
Clarksburg, WV 26301



Harrison Co. Planning
Commission

United States Department of Agriculture
Rural Development
West Virginia State Office

February 22, 2007

COPY

The Honorable Kenneth L. Gorby, Mayor
City of Stonewood
112 Southern Avenue
Stonewood, WV 26301

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Gorby:

This letter, with Attachment No. 1 amends the letter of conditions dated July 15, 2002 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan(s) 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 initial RUS loan in the amount of \$741,000, and a subsequent RUS loan in the amount of \$744,700, for a total project cost of \$1,485,700.

Subject to the requirements noted herein, all of the conditions of the July 15, 2002 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)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4883 • TDD: (304) 284-4896
Web: <http://www.rurdev.usda.gov/wv>

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Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6362 (TDD).

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.125% interest rate and monthly amortization factor of 0.00435 which provides for a monthly payment of \$3,240 on the subsequent loan. (The monthly payment for the initial \$741,000 loan is \$3,520 and the monthly payment for the subsequent \$744,700 loan is \$ 3,240 for a total loan of \$1,485,700 and a total monthly payment of \$ 6,760.

The bond for the \$744,700 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the \$741,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a \$1,485,700 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

2. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
3. Income Available – You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Form 1940-1 – “Request for Obligation of Funds”
RUS Bulletin 1780-27 – “Loan Resolution”
Form RD 1942-46 - “Letter of Intent to Meet Conditions”

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 Public Service District 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,

Deanne Hoff Chrysler
for ROBERT M. STEPTOE III
State Director

Enclosures

cc: RUS Rural Development Specialist
Elkins, WV

Randall E. Vernon
Accounting and Consulting Services
1217 Van Buren Street
Clarksburg, WV 26301

Gregory H. Schillace, Esquire
P.O. Box 1526
Clarksburg, WV 26302-1526

Carrons and Associates
401 Main Street
Wheeling, WV 26003

Bond Counsel

For: City of Stonewood Amendment No. 1 to the Letter of Conditions
 Date: February 22, 2007

City of Stonewood Water System Improvement Project
Project Construction Budget

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>SUBSEQUENT RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 515,500	\$ 622,500	\$ 1,138,000
CONST. CONTINGENCY	\$ 38,600	\$ 46,700	\$ 85,300
LAND & RIGHTS	\$ 15,000	\$ -	\$ 15,000
LEGAL FEES	\$ 12,000	\$ -	\$ 12,000
BOND COUNSEL	\$ 15,000	\$ -	\$ 15,000
ACCOUNTING	\$ 2,500	\$ -	\$ 2,500
ENGINEERING FEES	\$ 100,000	\$ 28,000	\$ 128,000
Basic - \$50,000			
Insp. - \$63,000			
Special - \$15,000			
INTEREST - (1 year @ 4.5%)	\$ 17,500	\$ 47,500	\$ 65,000
ADMIN. & EQUIPMENT	\$ 5,000	\$ -	\$ 5,000
PROJECT CONTG.	\$ 19,900	\$ -	\$ 19,900
TOTAL	\$ 741,000	\$ 744,700	\$ 1,485,700



United States
Department of
Agriculture

Rural
Development

Copy to Stonewood
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 15, 2002

The Honorable James Nutter, Mayor
City of Stonewood
112 Southern Avenue
Stonewood, WV 26301

Dear Mayor Nutter:

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. The loan 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 \$741,000, for a total project cost of \$741,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate 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)
- Attachment No. 2 - Water and Waste Processing Checklist for the City of Stonewood (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "

- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
 Attachment No. 11 - Sample Credit Agreement (Applicant Copy)
 Attachment No. 12 - Various other RD 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 4.75% interest rate and a monthly amortization factor of .00475, which provides for a monthly payment of \$3,520. 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, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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 equal priority with the City's outstanding bond, a pledge of the system's revenues and other agreements between you and 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 RUS Bulletin 1780-27 which is mentioned later.

The City's water revenue bond issue was sold in the 1987 asset sale. It will be necessary for the City's bond counsel to contact the GMAC Commercial Mortgage Corporation, 650 Dresher Road, P.O. Box 1015, Horsham, Pennsylvania, 19044-8015, to obtain consent for additional borrowing. Evidence of GMAC's consent must be provided to RUS prior to loan closing.

3. Users - This conditional commitment is based upon you providing evidence that there will be at least 465 bona fide users on the proposed system when it has

been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the City's existing water system which is to be partially replaced by the new system, at the time you request authorization to advertise the project for construction bids.

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 currently using 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 Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

Prior to loan closing, you must provide RUS with documentation that the West Virginia Public Service Commission has reviewed and approved the engineering agreement.

6. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission

of management reports and audits. Appropriate state statutes place certain audit requirements on your City. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the City already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
 - e. On the day of loan closing, the City's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title

Opinion" may be used. In the case of your existing system or where the City has already acquired real property(s) (land or facilities), the City's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount

equal to the maximum amount of funds to be under the control of that position at any one time. 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).

- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:

- (1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract - Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

- 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 City and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
 - (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
 - d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
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. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No.11).
 14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of the City, over 30 day periods.

The City 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. Water Purchase Contract - You propose to purchase treated water from the City of Clarksburg; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.
16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 442-7 - "Operating Budget"
 Form RD 1940-1 - "Request for Obligation of Funds"
 RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 Form RD 400-1 - "Equal Opportunity Agreement"

Form RD 400-4 - "Assurance Agreement"
 Form AD 1047 - "Certification Regarding Debarment - Primary"
 Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 Form RD 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)
 Certification of Compliance
 Form RD 1942-46, "Letter of Intent to Meet Conditions"

17. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan 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 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.

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.

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,



JN JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Elkins, WV

Cerrone & Associates
401 Main Street
Wheeling, WV 26003

(Attorney)

(Accountant)

(Bond Counsel)

Attachment No. 1 to Letter of Conditions
 For: City of Stonewood
 Date:

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 515,500	\$ 515,500
CONST. CONTINGENCY	\$ 38,600	\$ 38,600
LAND & RIGHTS	\$ 15,000	\$ 15,000
LEGAL FEES	\$ 12,000	\$ 12,000
BOND COUNSEL	\$ 15,000	\$ 15,000
ACCOUNTING	\$ 2,500	\$ 2,500
ENGINEERING FEES	\$ 100,000	\$ 100,000
Basic - 50,000		
Insp. - 42,000		
Special - 8,000		
INTEREST	\$ 17,500	\$ 17,500
ADMINISTRATION		
EQUIPMENT	\$ 24,900	\$ 24,900
PROJECT CONTG.		
TOTAL	\$ 741,000	\$ 741,000

Rates

Available for general domestic, commercial, and industrial service.

INSIDE

First 4,000 gals. @ \$7.05 per M gals.
 Next 4,000 gals. @ \$6.08 per M gals.
 Next 12,000 gals. @ \$4.70 per M gals.
 Next 80,000 gals. @ \$3.05 per M gals.
 Next 100,000 gals. @ \$3.01 per M gals.
 Over 200,000 gals. @ \$2.98 per M gals.

OUTSIDE

First 4,000 gals. @ \$8.45 per M gals.
 Next 4,000 gals. @ \$7.30 per M gals.
 Next 12,000 gals. @ \$5.63 per M gals.
 Next 80,000 gals. @ \$3.76 per M gals.
 Next 100,000 gals. @ \$3.51 per M gals.
 Over 200,000 gals. @ \$2.98 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	\$	14.10	per month
3/4" meter	\$	21.15	per month
1" meter	\$	35.25	per month
1 1/4" meter	\$	51.47	per month
1 1/2" meter	\$	70.50	per month
2" meter	\$	112.80	per month
3" meter	\$	211.50	per month
4" meter	\$	352.50	per month
5" meter	\$	705.00	per month

Minimum Monthly Bill - \$28.20 for 4000 gallons - Inside
\$33.80 for 4000 gallons - Outside

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

Inside and Outside Corporate Limits - \$600.00

After the start of construction, there shall be a charge of \$200.00 for connection to the system.

Reconnection Charge

\$25.00

Attachment No. 1 to Letter of Conditions

For:

Date:

City of Stonewood
USE AND INCOME ANALYSIS
EXISTING SYSTEM Inside Corporate Limits

Blocking in gallons	Cust.	MGal/ Mo.	First 4,000	Next 4,000	Next 12,000	Next 80,000	Next 100,000	Over 200,000	TOTAL REVENUE
0 - 4,000	154	415.25	415.25						
4,001 - 8,000	159.75	1,016.75	639.00	377.75					
8,001 - 20,000	118	1,386.50	472	472	442.5				
20,001 - 100,000	8.5	255.75	34	34	102	85.75			
100,001 - 200,000	0.5	62	2	2	6	40	12		
Over 200,000	0.25	79.50	1	1	3	20	25	29.5	
Monthly Total	441.00	3,215.75	1563.25	886.75	553.5	145.75	37	29.5	
Proposed Rates			\$ 7.05	\$ 6.08	\$ 4.70	\$ 3.05	\$ 3.01	\$ 2.98	
Monthly Revenues			\$ 11,020.91	\$ 5,391.44	\$ 2,601.45	\$ 444.54	\$ 111.37	\$ 87.91	\$ 19,657.62
Annual Revenues			\$ 132,250.95	\$ 64,697.28	\$ 31,217.40	\$ 5,334.45	\$ 1,336.44	\$ 1,054.92	\$ 235,891.44

Attachment No. 1 to Letter of Conditions

For:

Date:

<i>City of Stonewood</i>									
USE AND INCOME ANALYSIS									
EXISTING SYSTEM Outside Corporate Limits									
Blocking in gallons	Cust.	MGal/ Mo.	First 4,000	Next 4,000	Next 12,000	Next 80,000	Next 100,000	Over 200,000	TOTAL REVENUE
0 - 4,000	8.25	17.75	17.75						
4,001 - 8,000	8.00	53.50	32.00	21.5					
8,001 - 20,000	7	77.50	28	28	21.5				
20,001 - 100,000	0.75	35.00	3	3	9	20			
100,001 - 200,000									
Over 200,000									
Monthly Total	24.00	163.75	80.75	52.5	30.5	20		0	
Proposed Rates			\$ 8.45	\$ 7.30	\$ 5.63	\$ 3.76	\$ 3.51	\$ 2.98	
Monthly Revenues			\$ 682.34	\$ 383.25	\$ 171.72	\$ 75.20	\$ -	\$ 1,312.50	
Annual Revenues			\$ 8,188.05	\$ 4,599.00	\$ 2,060.58	\$ 902.40	\$ -	\$ 15,750.03	

**CITY OF STONEWOOD
OPERATING BUDGET**
As Received May 6, 2002 from Consulting Engineer

OPERATING INCOME		
Metered Sales	\$ 250,305	
Public Fire Protection	\$ 6,879	
Forfeited Discounts	\$ 6,184	
Misc. Service Revenues	\$ 2,000	
TOTAL OPERATING INCOME		<u>\$ 265,368</u>
NON OPERATING INCOME		
Interest Income		\$ -
TOTAL NON OPERATING INCOME		<u>\$ -</u>
TOTAL INCOME		<u>\$ 265,368</u>
EXPENSES		
O & M	\$ 203,062	
Taxes	\$ 2,987	
TOTAL EXPENSES		<u>\$ 206,049</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 59,319</u>
DEBT SERVICE		
Existing Bond P & I (B)	\$ 6,192	
Proposed Bond P & I (B) (1)	\$ 42,156	
TOTAL DEBT SERVICE		<u>\$ 48,348</u>
DEBT SERVICE RESERVE		
Debt Service Reserve* (2)	\$ 4,216	
TOTAL DEBT SERVICE RESERVE		<u>\$ 4,216</u>
SURPLUS (DEFICIT)		<u>\$ 6,755</u>
DEBT COVERAGE (A/B)		\$ 1.23

(1) Based on a RUS loan of \$741,000 @ 4.75% for 38 years

(2) Proposed reserve (4216)

Attachment No. 2 to Letter of Conditions
 For: City of Stonewood
 Date: July 15, 2002

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL UTILITIES SERVICE
 Water and Waste Processing Checklist**

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney			5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney			5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant			1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer			6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
(NPA's Only)	Organizational Documents	1	1780.33(e)	Applicant/ Attorney			5
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.33(a)	RUS			3
	Environmental Report	2	1794	Applicant		HAVE	3
	Environmental Assessment	2	1794	RUS/ Engineer		HAVE	3
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RUS		NA	3
	Adoption of Environ. Review by other Fed. Agency	2	1794 Case Record	RUS		NA	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant			3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS			3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	6
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer			8
	Statement reporting the total number of potential users		1780.33(c)	Applicant/ Engineer		HAVE	8

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Copy of Existing Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS			3
	Survey conducted by uninterested party to determine MHI	1	1780.1(b)	Applicant/ RUS		NA	2
	S/O concurrence in results of survey to determine MHI	1	1780.1(b)	RUS-S/O		NA	2
	Documentation on Service Area	1	1780.11	RUS		NA	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS			3
Automated Form	Grant Determination	3	1780.35(b)	RUS		NA	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
RD 1942-45	Project Summary	3	1780.41(a)	RUS		HAVE	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant		HAVE	3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		HAVE	2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant		HAVE	2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant		NA	2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
Bulletin 1780-28	Loan Resolution (Security Agreement)	1	1780.39(f)	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 1942-8	Resolution of Members or Stockholders	1	1780.39(f)	Applicant		NA	5
RD 440-22	Promissory Note	3	1780.45 (a)(1)	RUS			2
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Exception for Metering Devices	1	1780.57(m)	Applicant/ RUS			5
	Sewer Users Agreement or State Health Dept. Mandatory Hook-Up Commitment Ltr.	1	1780.39 (c)(3)	Applicant		NA	5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Sewer Treatment Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS		NA	5
	Accountant's Certification	1	LOC	Applicant/ Accountant			6
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS			1

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant			5
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
	Evidence of Applicant Contribution	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5



HARRISON COUNTY PLANNING COMMISSION

COURTHOUSE
301 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301

PHONE (304) 624-8690
FAX (304) 626-1070

FACSIMILE TRANSMITTAL SHEET

TO: <i>Vincent Collier</i>	FROM: <i>Terry Schulte</i>
COMPANY: <i>S+J</i>	DATE: <i>3-5-07</i>
FAX NUMBER: <i>598-8116</i>	TOTAL NO. OF PAGES INCLUDING COVER: <i>28</i>
PHONE NUMBER: <i>598-8000</i>	RE: <i>Stonewood Water Project</i>

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

4-15-02 Letter of Conditions - 23 pages
2-22-07 Amendment #1 to LOC - 4 pages



HARRISON COUNTY PLANNING COMMISSION
 COURTHOUSE
 301 WEST MAIN STREET
 CLARKSBURG, WEST VIRGINIA 26301

PHONE (304) 624-8690
 FAX (304) 826-1070

FACSIMILE TRANSMITTAL SHEET

TO: <i>Vince Collins</i>	FROM: <i>Terry Schulte</i>
COMPANY: <i>S&J</i>	DATE: <i>3-5-07</i>
FAX NUMBER: <i>598-8116</i>	TOTAL NO. OF PAGES INCLUDING COVER: <i>28</i>
PHONE NUMBER: <i>598-8000</i>	RE: <i>Stonewood Water Project</i>

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

7-15-02 Letter of Conditions - 23 pages
2-22-07 Amendment #1 to LOC - 4 pages
Updated Checklist

Work Copy

Attachment No. 2 to Letter of Conditions

For: City of Stonewood

Date: July 15, 2002

Updated 2/22/07

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
Bulletin 1780-22	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		OK	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		OK	5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5

STP Schillace \$12,000

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
(NPA's Only)	Organizational Documents	1	1780.33(e)	Applicant/ Attorney		NI/A	5
	Site Visit		S.I. 1780-2	RUS		Yes	3
	Processing Conference	1	1780.39(a)	RUS		Yes	3
	Environmental Report	2	1794	Applicant		HAVE	3
	Environmental Assessment	2	1794	RUS/ Engineer		HAVE	3
Exhibit H S.I. 1784-1	Categorical Exclusion	2	1794	RUS		NA	3
	Adoption of Environ. Review by other Fed. Agency	2	1794 Case Record	RUS		NA	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		No, but OK	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		Have	8
	Statement reporting the total number of potential users		1780.33(c)	Applicant/ Engineer		HAVE	8

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Copy of Existing Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Survey conducted by uninterested party to determine MHI	1	1780.1(b)	Applicant/ RUS		NA	2
	S/O concurrence in results of survey to determine MHI	1	1780.1(b)	RUS-S/O		NA	2
	Documentation on Service Area	1	1780.11	RUS		NA	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS			3
Automated Form	Grant Determination	3	1780.35(b)	RUS		NA	2
	Letter of Conditions	7	1780.41 (e)(5)	RUS	7/15/02 ; 2/22/07		3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		N/A	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant		N/A	5

No Grant

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		Have	2
RD 1942-45	Project Summary	3	1780.41(a)	RUS		HAVE	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant		HAVE	3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		HAVE	2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant		HAVE	2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant		NA	2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant		Have	3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		Have	5 in 3
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS		Have	3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant		Have	3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant		Have	5
Bulletin 1780-28	Loan Resolution (Security Agreement)	1	1780.39(f)	Applicant		N/A	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 1942-8	Resolution of Members or Stockholders	1	1780.39(f)	Applicant		NA	5
RD 440-22	Promissory Note	3	1780.45 (a)(1)	RUS		N/A	2
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		Have	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		Have	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		Have	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant		NA	5
	Exception for Metering Devices	1	1780.57(m)	Applicant/ RUS		NA	5
	Sewer Users Agreement or State Health Dept. Mandatory Hook-Up Commitment Ltr.	1	1780.39 (c)(3)	Applicant		NA	5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant		NA	Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant		NA	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant	NA		5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant	NA		5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant	NA		
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Sewer Treatment Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS		NA	5
	Accountant's Certification	1	LOC	Applicant/ Accountant			8
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS	NA		1

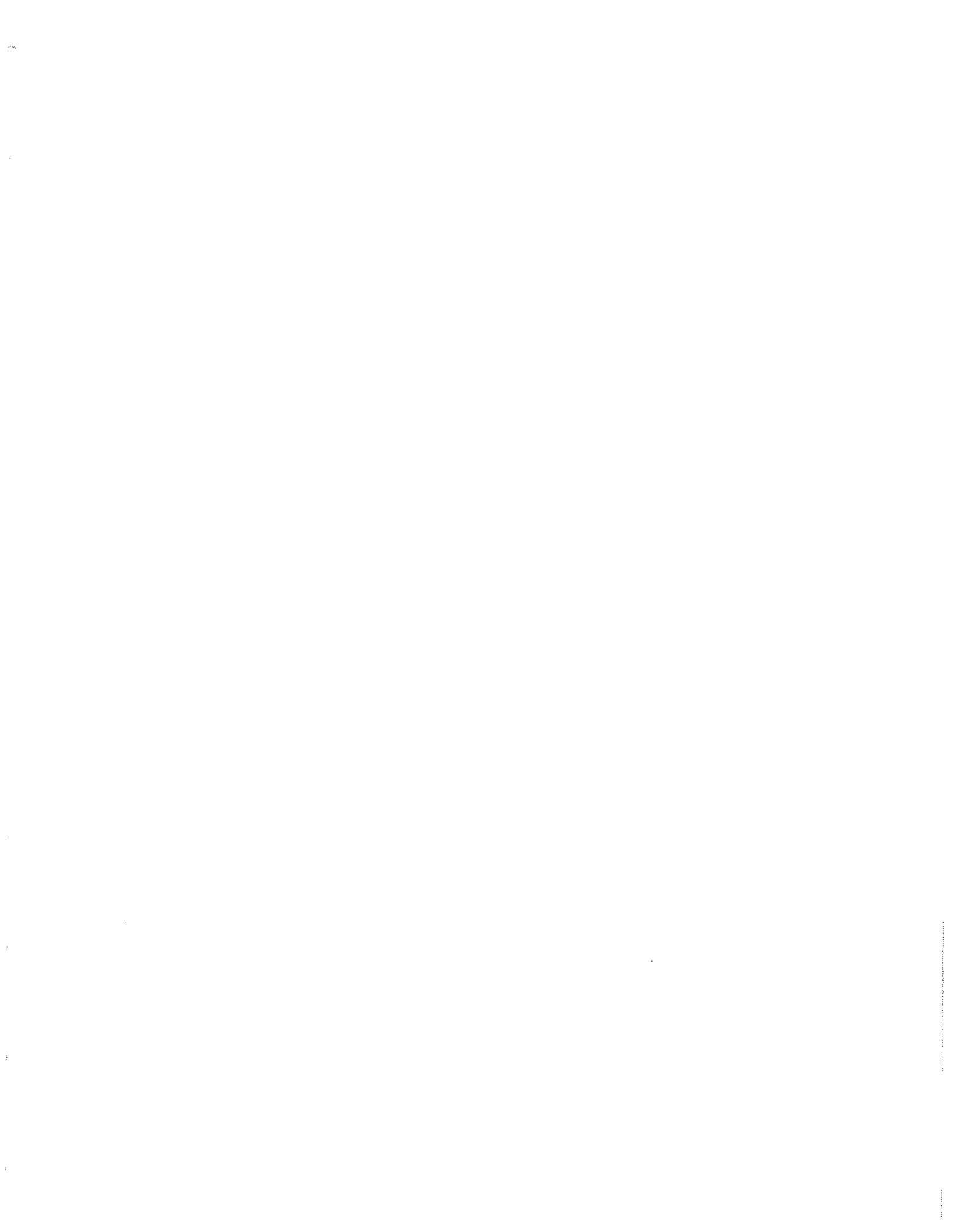
Agree with Rule 42 or more

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	FUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant		N/A	5
	Evidence of "Other Funds"	1	1780.44(f)	Applicant		N/A	2
	Evidence of Applicant Contribution	1	1780.44(f)	Applicant		N/A	2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant		N/A	5
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5

Bid

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5



TOWN OF STONEWOOD

Water Revenue Bonds, Series 2009 A; and
Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Harrison County Bank Bank, Nutter Fort, West Virginia (the "Bank"), hereby certify that on April 24, 2009, the Bank received an automated clearinghouse transfer in the amount of \$98,100 for the Series 2009 Bonds to the credit of the Project Construction Account (Account Number 08-00884).

WITNESS my signature on this 24th day of April, 2009.

HARRISON COUNTY BANK

By: 
Its: Authorized Officer



State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

(Water)

PROJECT: Water System Improvements

PERMIT NO.: 17,794

LOCATION: Stonewood

COUNTY: Harrison

DATE: 11-29-2007

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

City of Stonewood
112 Southern Avenue
Stonewood, West Virginia 26301

is hereby granted approval to: amend and modify Permit No. 16,080, issued May 21, 2004 for the City of Stonewood water system improvements. The permit is extended to November 29, 2009.

NOTE: This permit is contingent upon all unchanged conditions and requirements of Permit No. 16,080 remaining in effect.

The Office of Environmental Health Services Philippi District Office, telephone (304) 457-2296, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

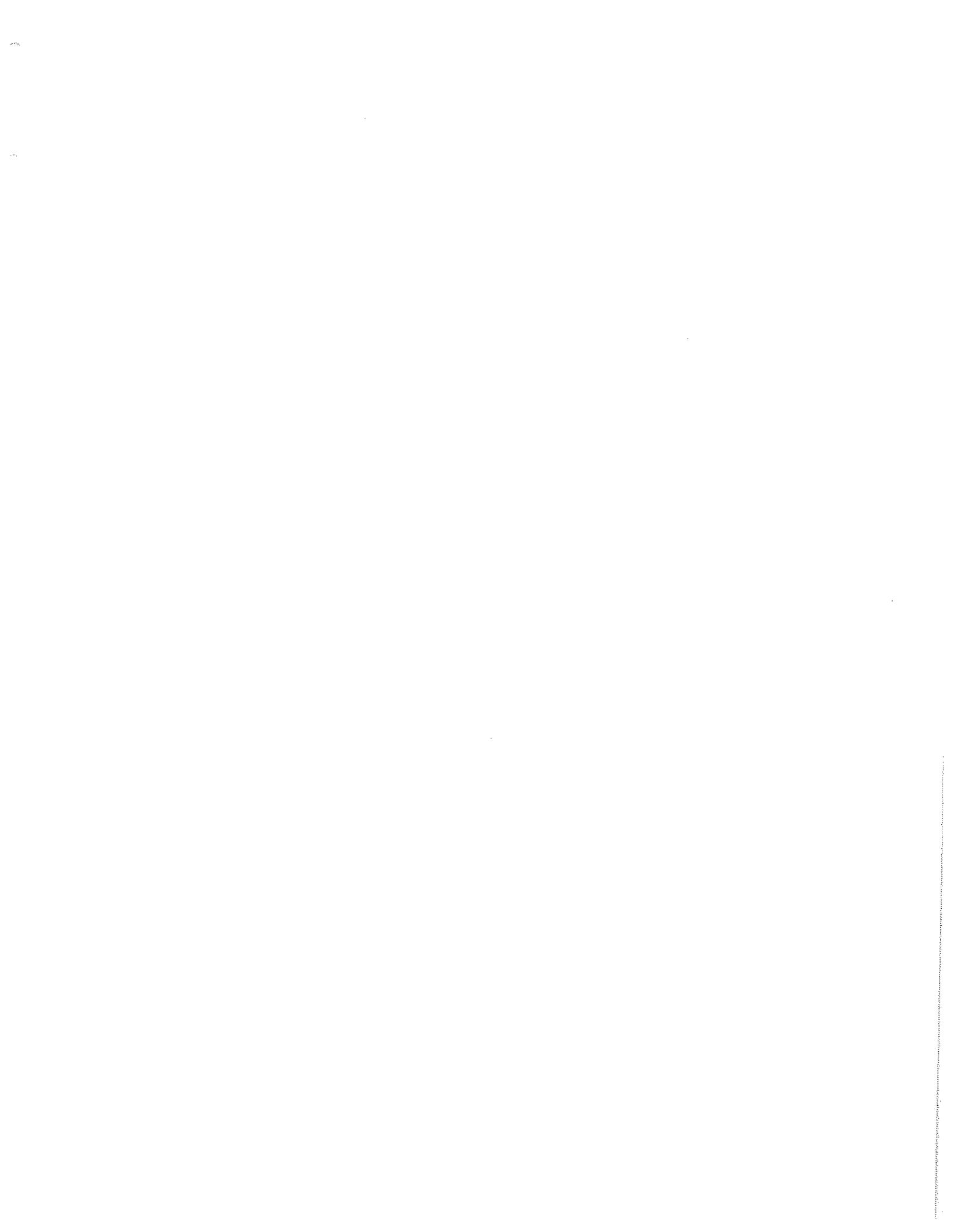
FOR THE DIRECTOR



William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:bms

pc: Cerrone Associates, Inc., 401 Main Street, Wheeling, WV 26003
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Harrison County Health Department
OEHS-EED Philippi District Office



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: March 31, 2008

FINAL

4/20/2008

CASE NO. 08-0027-W-PC-CN

CITY OF STONEWOOD,
Stonewood, Harrison County.

Application for a certificate of convenience and necessity to construct water system improvements and a petition for consent and approval of a water purchase agreement between the City of Stonewood and the Clarksburg Water Board.

RECOMMENDED DECISION

On January 9, 2008, the City of Stonewood (Utility) filed an application for a certificate of convenience and necessity to construct water system improvements. The Utility also petitioned the Commission for consent and approval of a water purchase agreement between the Utility and the Clarksburg Water Board.

On January 9, 2008, the Commission ordered the Utility to publish notice of filing in Harrison County. The Utility returned an affidavit of publication on January 22, 2008, indicating that it had properly published notice of its application in Harrison County. There have been no protests filed pursuant to the notice.

On January 23, 2008, the Commission referred the matter requiring a decision to be rendered on or before May 23, 2008.

On March 28, 2008, Staff recommended that the water purchase agreement be approved and that the Utility be granted a certificate of convenience and necessity.

FINDINGS OF FACT

1. On January 9, 2008, the Utility filed an application for a certificate of convenience and necessity to upgrade its water system. (See application).

2. The Utility also petitioned the Commission for consent and approval of a water purchase agreement between the Utility and the Clarksburg Water Board. (See filing).

3. The proposed project includes the installation of 11,000 linear feet of 6 and 8-inch water mains, the replacement of an existing booster station, the replacement of 2 PRV stations, the installation or replace-

ment of valves throughout the system, painting an existing water storage tank and the installation of telemetry control system on the tank. (See application and Staff Memorandum filed March 28, 2008).

4. The Utility's existing booster station frequently fails. (See Staff filing of March 28, 2008).

5. The Utility obtains its water through a single metered connection with the City of Clarksburg. (*Id.*).

6. The proposed project is estimated to cost \$1,485,700. (*Id.*).

7. The engineering fees represent 10.5% of the construction cost which Staff viewed as "reasonable." (*Id.*).

8. The project will eliminate some dead ends on the system, improving the system's hydraulics and reducing water losses. (*Id.*).

9. The booster station and PRV valves that will be replaced are in deteriorated condition. (*Id.*).

10. The project will install a fence around the Utility's storage tank and install telemetry in the tank which will allow better control of the system. (*Id.*).

11. The project will allow better access to the storage tank by extending an existing road. (*Id.*).

12. The Utility's tank has a turn-over rate calculated at 12%, which is well below the 20% required by the Department of Health and Human Resources. Blow-off valves will allow the Utility to sample the system for residual chlorine and the new booster station will provide extra chlorination to allow adjustment for the residual chlorine levels when necessary. (*Id.*).

13. The project is projected to decrease operation and maintenance expenses by \$868 associated with decreased power costs of the new booster station. (*Id.*).

14. All necessary permits have been applied for related to the project. (*Id.*).

15. The Office of Environmental Health Services has approved the project issuing Permit No. 17,794 on November 29, 2007. (*Id.*).

16. The plans and specifications of the project substantially conform to the Commission's Water Rules. (*Id.*).

17. The Utility proposes to finance the project with a loan from the Rural Utility Service in the amount of \$741,000 at an interest rate of 4.725% for 40 years and a separate loan from the RUS in the amount of \$744,700 at an interest rate of 4.125% for 40 years. The first 24 payments for both loans will consist of interest only. (*Id.*).

18. The Utility passed a rate ordinance in April 2007 approving a 38% increase over its previous rates. The increased rates will provide

the Utility with sufficient revenues to pay its expenses, fund its debt reserve account and maintain sufficient debt service coverage of at least 115%. (Id.).

19. Staff believes the project is feasible and should be approved. (Id.).

20. Staff recommended that the Utility bring its tariff language into conformance with the Commission's Tariff Rules in its next rate proceeding. (Id.).

21. Staff recommended that the Commission approve the water purchase agreement between the Utility and the City of Clarksburg.

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.
2. The proposed financing is reasonable and should be approved.
3. The application for a certificate of convenience and necessity should be granted to the Utility without a hearing.
4. The water purchase agreement between the Utility and the City of Clarksburg should be approved without approving the specific terms and conditions of the contract.

ORDER

IT IS, THEREFORE, ORDERED that the City of Stonewood be, and hereby is, granted a certificate of convenience and necessity to construct the improvements to its water system which were described in its application filed with the Commission on January 9, 2008. The cost of the approved project shall not exceed \$1,485,750. Approval is contingent upon the Utility obtaining all necessary state and federal permits before construction.

IT IS FURTHER ORDERED that the proposed financing, consisting of one loan from the Rural Utility Service in the amount of \$741,000 at an interest rate of 4.725% for 40 years and a separate loan from the RUS in the amount of \$744,700 at the interest rate of 4.125% for 40 years, with both loans being interest only for the first two (2) years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the water purchase agreement between the City of Stonewood and the Clarksburg Water Board submitted for Commission approval be, and hereby is approved, without approval of the specific terms and conditions of the agreement.

IT IS FURTHER ORDERED that, if there are any changes in the plans, financing or scope of the project, the Utility must seek Commission approval of those changes. If any changes in project cost result in a modification of rates, the Utility must seek Commission approval of such changes. If project-related rates remain unchanged, but the project

costs change, the Utility must file an application executed by a certified public accountant verifying that the modifications to the project cost will not impact the necessary rates and charges.

IT IS FURTHER ORDERED that the Utility provide a copy of the engineer's certified bid tabulation for all contracts awarded on this project to the Commission as soon as they are available.

IT IS FURTHER ORDERED that the Utility submit a copy of the certificate of substantial completion issued for each construction contract associated with the project to the Commission as soon as they are available.

IT IS FURTHER ORDERED that the Utility comply with all rules and regulations of the Division of Highways regarding the use of Division of Highway's rights-of-way.

IT IS FURTHER ORDERED that the City of Stonewood bring its tariff into conformance with the Commission's current Tariff Rules the next time it passes a rate ordinance.

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

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

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

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

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



Keith A. George
Administrative Law Judge

KAG:lc
080027a.wpd

WATER PURCHASE AGREEMENT

THIS AGREEMENT, made this 19th day of November, 2007, by and between the Clarksburg Water Board (hereinafter referred to as "CWB"), a municipal corporation, and the Town of Stonewood (hereinafter referred to as "Customer").

WHEREAS, CWB operates a water filtration plant and distribution system for distribution to residential and existing commercial, governmental, and industrial customers in the area served by Customer;

WHEREAS, the Customer desires to purchase water for distribution to residential and existing commercial, governmental and industrial customers in the area served by Customer;

WHEREAS, the parties desire to reduce to writing their respective rights and obligations with respect to the purchase, sale, delivery and distribution of water by the Customer from CWB.

NOW THEREFORE, THIS AGREEMENT WITNESSETH: In consideration of the prompt performance of the covenants hereinafter contained, to be kept and performed, it is mutually agreed between the parties as follows:

1. CWB understands that, for all intents and purposes, customers are captive and have no other means of having their water needs met other than through arrangements made with CWB. Accordingly, it is the intent of CWB to act in a manner consistent with the contractual requirements of good faith and fair dealing in all agreements with all customers.

2. Customer recognizes that clean water is a limited natural resource. Accordingly, Customer agrees to undertake appropriate actions to insure the best possible method for conservation of water supplied to it, including limiting line loss to a reasonable level.

Additionally, Customer agrees to undertake conservation programs proposed by CWB in the event that there is an emergency situation or drought conditions.

3. CWB will make available to Customer, and Customer will accept delivery of water at the locations where the CWB currently provides water to Customer.

4. The price of water purchased pursuant to the terms of this Agreement shall be the applicable rate, established by the Clarksburg Water Board, in effect at the time of delivery. It shall be subject to change, from time to time, in accordance with the charter and ordinances of the City of Clarksburg, the practice and procedures of the Clarksburg Water Board, and the laws of the State of West Virginia, in effect at the date of the proposed change.

5. Customer will take, and CWB will furnish, all of the future requirements of Customer for water, exclusive of that quantity of water available from Customer's own facilities and any obligations that Customer has previously made to take and pay for water from other water distributors. Under no circumstance may Customer agree to purchase water from another distributor after execution of this Agreement, unless prior approval is made by CWB.

6. All water to Customer from CWB shall be metered at the point of delivery and monthly payments shall be made promptly by Customer upon submission of a statement for such water under applicable rules, regulations and tariffs.

7. CWB will install and maintain such taps, valves, and metering devices which may be necessary to be installed at the point of delivery. Such fixtures shall be the property of CWB. CWB will test the metering devices annually and will provide the results of those tests to Customer, upon Customer's written request.

8. CWB reserves the right to have an employee or agent supervise and inspect all connections made by Customer to the water system of CWB.

9. Customer recognizes that CWB may from time to time experience shortage in its storage capacities, and that due to the inadequacies of said storage facilities or some other emergency which may arise in the distribution system of CWB, CWB may find it necessary to reduce the supply to Customer below the minimum set forth herein until such time as said emergency may abate. In the event of a breakdown in CWB's filtration plant or pumping system, CWB may also have to reduce the amount of water it makes available to its customers generally until such time as the system can become fully operational. If water supplies are limited, CWB may require customer to reduce original projections for any or all additional water distribution proposed by Customer. The parties agree that in the event of a water shortage requiring a restriction of the volume of water usage by the various persons or entities served by both CWB's and Customer's systems, that CWB and Customer shall be required to reduce their water usage proportionally with the proportion of reduction resting with CWB, with the understanding that CWB will reduce Customer and CWB's other customers at the same rate of restriction. The good faith judgment of CWB as to whether a shortage or emergency exists shall be conclusive upon Customer, subject to review by the Public Service Commission.

10. It is the intent of CWB to continue to provide water at adequate pressures and consumption levels at the metering point as may be needed by Customer. In order to insure proper flow, pressure, and availability of water to Customer, Customer will request confirmation from CWB of adequate water supply and pressure, when it is determined that a new customer or customers will increase Customer's water demand significantly (10% or more) or in the event of (1) a request for a new service connection of four inches (4'') in diameter or larger; (2) construction of a line extension of four inches (4'') in diameter or larger or (3) new storage tank facilities are to be constructed on Customer's system.

11. CWB shall not be liable for any damages to or failure of the lines, or water distribution systems to be constructed or installed by Customer or of that system now in operation, or of any line extending from such system to the properties of those taking water from Customer or for any damage to, or failure of, the plumbing on the premises of those obtaining water from Customer. Under this Agreement, the sole duty of CWB shall be to furnish and deliver water produced by CWB at its plant in the City of Clarksburg to Customer in the quantity herein set out and of potability and quality as is required by the State of West Virginia and the United States of America.

12. Customer shall save and hold harmless CWB from all claims, suits, damages, charges, and requirements arising out of, or the result of, the taking, pumping, storage, and distribution of the water supplied hereunder to Customer, asserted or claimed by third parties or those consuming or using the same from said system to the full extent that such claims, liabilities, or obligations of any kind or character are caused by, result from, arise out of, or are connected with the negligent or intentional acts, conduct, or omissions of the Customer, or any material breach, default, or violation by the Customer of any of the terms, covenants, agreements, and provisions contained in this Agreement, and will promptly notify CWB of such claim, suit, damage, charge, and requirement, and make available to CWB all pertinent information pertaining thereto.

13. Customer may not assign this Agreement in whole or in part without first obtaining the express written permission from CWB.

14. Customer shall, within (20) days of notice, pay to CWB charges for such water, maintenance, repairs, advice, and supervision as has been administered by CWB. If Customer fails to pay charges billed by CWB when the same becomes due and payable, or Customer fails to comply with any other terms of this Agreement, CWB may, at its discretion, seek to exercise

15. The term of this Agreement shall be forty-five (45) years from the date this Agreement is approved by the Public Service Commission of West Virginia.

16. Should any provision of this Agreement or its application to any party or circumstance be held invalid, the invalidity does not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.

17. This Agreement is subject to the approval of the Public Service Commission of West Virginia. In the event that this Agreement is not approved, in its entirety, the Agreement is null and void, unless both parties agree in writing to all changes proposed by the Public Service Commission.

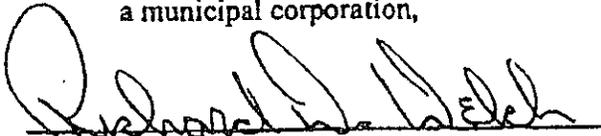
18. This Agreement supercedes any previous Agreement.

WITNESS the following signatures:

CLARKSBURG WATER BOARD,

a municipal corporation,

By:


Clarksburg Water Board, General Manager

TOWN OF STONEWOOD

By:

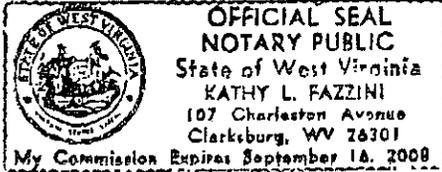
Chris Davis,



Its Mayor

TO WIT:
COUNTY OF HARRISON
STATE OF WEST VIRGINIA:

The foregoing agreement was acknowledged by the Clarksburg Water Board, by Richard D. Welch, its General Manager, before me this 13th day of NOVEMBER, 2007.



Kathy L. Fazzini
Notary Public

My commission expires September 16, 2008

TO WIT:
COUNTY OF HARRISON
STATE OF WEST VIRGINIA:

The foregoing agreement was acknowledged by the Town of Stonewood, by Christopher Davis, its Mayor, before me this 3rd day of December, 2007.

Sharon S. McIntyre
Notary Public

My commission expires September 14, 2014.

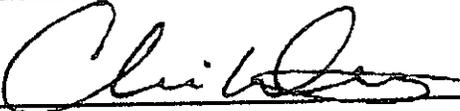


Passed on First Reading:
Passed on Second Reading

November 19, 2007

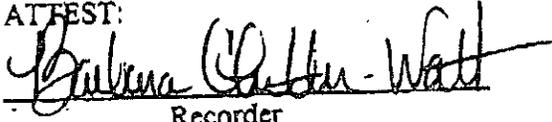
December 3, 2007

By:



Mayor

ATTEST:



Recorder