

TOWN OF WAYNE

**Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture)
and Series 2004 B (West Virginia DWTRF Program)**

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental and Amendatory Resolution
3. USDA Letter of Conditions, with all amendments for Series 2004 A Bonds
4. Loan Agreement for Series 2004 B Bonds
5. Public Service Commission Orders
6. Infrastructure and Jobs Development Council Approval
7. Receipt for Series 2004 A Bonds
8. Cross-Receipt for Series 2004 B Bonds and Bond Proceeds
9. Direction to Authenticate and Deliver Series 2004 B Bonds
10. Specimen Series 2004 A Bond
11. Specimen Series 2004 B Bond

OPINIONS OF COUNSEL

12. Approving Opinion on Series 2004 A Bonds of Steptoe & Johnson PLLC, Bond Counsel
13. Approving Opinion on Series 2004 B Bonds of Steptoe & Johnson PLLC, Bond Counsel
14. Opinion on Series 2004 A Bonds of Counsel to Issuer
15. Opinion on Series 2004 B Bonds of Counsel to Issuer
16. Title Opinion

CERTIFICATES

17. Combined Certificate on Series 2004 A Bonds of Issuer and Attorney
18. General Certificate on Series 2004 B Bonds of Issuer and Attorney
19. Certificate of Engineer, with Schedule B Attached
20. Certificate of Certified Public Accountant
21. Certificate as to Use of Proceeds

DOCUMENTS OF THE ISSUER

22. Charter
23. Oaths of Office of Councilmembers and Officers
24. Water Rate Ordinance
25. Affidavit of Publication of Rate Ordinance and Notice of Public Hearing
26. Minutes on Adoption and Enactment of Rate Ordinance

27. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing
28. Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution and Rules of Procedure
29. Municipal Bond Commission New Issue Reports - A & B

MISCELLANEOUS DOCUMENTS

30. Acceptance of Appointment as Depository Bank
31. Acceptance of Duties as Registrar of Series 2004 B Bonds
32. Certificate of Registration of Series 2004 B Bonds
33. Registrar's Agreement on Series 2004 B Bonds
34. Office of Environmental Health Services Permit
35. United States Department of Agriculture Grant Agreement
36. Evidence of Small Cities Block Grant
37. Evidence of Insurance
38. Closing Memorandum
39. Receipt of Depository Bank

10/06/04
946610.00001

TOWN OF WAYNE

**WATER REVENUE BONDS,
SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE),
AND SERIES 2004 B
(WEST VIRGINIA DWTRF PROGRAM)**

BOND ORDINANCE

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings	2
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	13

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

Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Bond Registrar; Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	16
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	17
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Gross Revenues	17
Section 3.09	Delivery of Bonds	18
Section 3.10	Form of Bonds	18
	FORM OF SERIES 2004 A BOND	19
	FORM OF SERIES 2004 B BOND	25
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	33
Section 3.12	"Amended Schedule B" Filing	33

**ARTICLE IV
[RESERVED] 34**

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

Section 5.01	Establishment of Funds and Accounts with Depository Bank	35
Section 5.02	Establishment of Funds and Accounts with Commission	35
Section 5.03	System Revenues; Flow of Funds	35

**ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS**

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	41
Section 6.02	Disbursements From the Bond Construction Trust Fund	41

**ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER**

Section 7.01	General Covenants of the Issuer	43
Section 7.02	Bonds not to be Indebtedness of the Issuer	43
Section 7.03	Bonds Secured by Pledge of Gross Revenues	43
Section 7.04	Rates and Charges	43
Section 7.05	Sale of the System	44
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	45
Section 7.07	Parity Bonds	45
Section 7.08	Books; Records and Audit	47
Section 7.09	Rates	49
Section 7.10	Operating Budget and Monthly Financial Report	50
Section 7.11	Engineering Services and Operating Personnel	50
Section 7.12	No Competing Franchise	51
Section 7.13	Enforcement of Collections	51
Section 7.14	No Free Services	52
Section 7.15	Insurance and Construction Bonds	52
Section 7.16	Connections	54
Section 7.17	Completion of Project; Permits and Orders	54
Section 7.18	Compliance with Letter of Conditions, Loan Agreement and Law	54
Section 7.19	Tax Covenants	55
Section 7.20	Securities Law Compliance	56
Section 7.21	Statutory Mortgage Lien	56
Section 7.22	Contracts; Public Releases	56

**ARTICLE VIII
INVESTMENT OF FUNDS; USE OF PROCEEDS**

Section 8.01	Investments	57
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	57

**ARTICLE IX
DEFAULT AND REMEDIES**

Section 9.01	Events of Default	59
Section 9.02	Remedies	59
Section 9.03	Appointment of Receiver	60

**ARTICLE X
PAYMENT OF BONDS**

Section 10.01	Payment of Bonds	62
---------------	------------------	----

**ARTICLE XI
MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation	63
Section 11.02	Bond Legislation Constitutes Contract	63
Section 11.03	Severability of Invalid Provisions	63
Section 11.04	Headings, Etc.	63
Section 11.05	Notices	63
Section 11.06	Conflicting Provisions Repealed	64
Section 11.07	Covenant of Due Procedure, Etc.	64
Section 11.08	Effective Date	65
Section 11.09	Statutory Notice and Public Hearing	65
	SIGNATURES	65
	CERTIFICATION	66

TOWN OF WAYNE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extension, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of new water storage tanks, upgrading and expanding the Issuer's water treatment plant and replacing portions of the existing water distribution lines of the Issuer, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments, and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Drinking Water Treatment Revolving Fund pursuant to the Act, and to the United States Department of Agriculture.

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

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$5,500,000 in two series, being the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), in the aggregate principal amount of not more than \$3,000,000 (the "Series 2004 A Bonds"), and the Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than \$2,500,000 (the "Series 2004 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project (collectively, the "Series 2004 Bonds"). The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2004 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the

feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the United States Department of Agriculture or the Authority, including the Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 2004 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and its Series 2004 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), in form satisfactory to the Issuer, the Authority and the BPH, approved hereby if not previously approved by ordinance of the Issuer.

H. There are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Series 2004 A Bonds and the Series 2004 B Bonds shall be issued on a parity with each other, with respect to liens, pledge and source of and security for payment.

I. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and the issuance of the Series 2004 Bonds, or will have so complied prior to issuance of any thereof, including the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2004 Bonds or such final order will not be subject to appeal.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council (the "Council") as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 19 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement for the Series 2004 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2004 A Bonds, the Series 2004 B Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

"Closing Date" means the date upon which there is an exchange of the Series 2004 A Bonds for all or a portion of the proceeds of the Series 2004 A Bonds from the Purchaser and the Series 2004 B Bonds for all or a portion of the proceeds of the Series 2004 B Bonds from the Authority and the BPH.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

"Consulting Engineers" means Woolpert LLP, Ashland, Kentucky, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

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

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

"Governing Body" means the council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the council as presently constituted.

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

"Grant" means, collectively, all grant monies received by the Issuer for the Project.

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means the Town of Wayne, a municipal corporation and political subdivision of the State of West Virginia, in Wayne County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated February 16, 2000, and Amendment No. 1 to Letter of Conditions dated April 8, 2003, and all other amendments thereto, providing for the purchase of the Series 2004 A Bonds from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2004 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2004 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2004 B Bonds by the Issuer in the Supplemental Resolution.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2004 A Bonds.

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association;

Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2004 Bonds.

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

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

"Series 2004 Bonds" means, collectively, the Series 2004 A Bonds and the Series 2004 B Bonds.

"Series 2004 A Bonds" means the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), of the Issuer, authorized by this Ordinance.

"Series 2004 A Bonds Construction Trust Fund" means the Series 2004 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004 A Bonds Reserve Account" means the Series 2004 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 A Bonds in the then current or any succeeding year.

"Series 2004 B Bonds" means the Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program) of the Issuer, authorized by this Ordinance.

"Series 2004 B Bonds Construction Trust Fund" means the Series 2004 B Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2004 B Bonds Reserve Account" means the Series 2004 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 B Bonds in the then current or any succeeding year.

"Series 2004 B Bonds Sinking Fund" means the Series 2004 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2004 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, including, without limitation, the Reserve Accounts, the Series 2004 B Bonds Sinking Fund and the Renewal and Replacement Fund.

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

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

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and

funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$7,006,500, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the BPH.

The cost of the Project is estimated not to exceed \$7,006,500, of which approximately \$3,000,000 will be obtained from proceeds of the Series 2004 A Bonds, approximately \$2,500,000 will be obtained from proceeds of the Series 2004 B Bonds, approximately \$256,500 will be obtained from proceeds of grants from the Purchaser, and approximately \$1,250,000 will be obtained from proceeds of a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, funding reserve accounts for the Series 2004 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2004 A Bonds and Series 2004 B Bonds of the Issuer. The Series 2004 A Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 2004 A (United States Department of Agriculture)", in the principal amount of not more than \$3,000,000; and the Series 2004 B Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 2004 B (West Virginia DWTRF Program)," in the principal amount of not more than \$2,500,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2004 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2004 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2004 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2004 A Bond.

B. The Series 2004 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2004 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached representing the aggregate principal amount of the Series 2004 A Bonds. The Series 2004 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2004 B Bonds, all as provided in the Supplemental Resolution. The Series 2004 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2004 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 2004 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2004 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2004 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2004 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2004 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and

beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2004 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2004 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 2004 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2004 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2004 B Bonds shall be conclusive evidence that such Series 2004 B Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2004 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2004 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2004 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2004 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2004 Bonds remain outstanding, the Bond Registrar for the Series 2004 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2004 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2004 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. With respect to the Series 2004 A Bonds, the Mayor is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery of the Series 2004 A Bonds.

B. The Issuer shall execute and deliver the Series 2004 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2004 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 B Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 2004 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2004 A Bonds and the Series 2004 B Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2004 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF WAYNE
WATER REVENUE BOND, SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. _____

Date: _____

FOR VALUE RECEIVED, the TOWN OF WAYNE (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of 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 this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$5,938.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the gross revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on _____, 20____, and a Supplemental Resolution of the Borrower duly adopted on _____, 20____, authorizing issuance of this Bond (collectively, the "Ordinance").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated 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 WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 20____, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$_____.

IN WITNESS WHEREOF, the TOWN OF WAYNE 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 WAYNE
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor
(Title of Executive Official)

Post Office Box 186
(P.O. Box No. or Street Address)

Wayne, West Virginia 25570
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Recorder
(Title of Attesting Official)

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In presence of:

(FORM OF SERIES 2004 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF WAYNE
WATER REVENUE BOND, SERIES 2004 B
(WEST VIRGINIA DWTRF PROGRAM)

No. _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF WAYNE, a municipal corporation and political subdivision of the State of West Virginia in Wayne County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 200__, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 20 ____.

This Bond is issued (i) to pay a portion of the cost of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) to fund a reserve account for the

Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19, and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 20____, and a Supplemental Resolution duly adopted by the Issuer on _____, 20____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 20____, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2004 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2004 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2004 A Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding

year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the TOWN OF WAYNE has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 20____.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 20 ____.

as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. A. The Series 2004 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2004 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, the Authority and the BPH a schedule, the forms of which will be provided by the Purchaser, the Authority and the BPH, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2004 A Bonds Construction Trust Fund; and
- (4) Series 2004 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2004 A Bonds Reserve Account;
- (2) Series 2004 B Bonds Sinking Fund; and
- (3) Series 2004 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross

Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office the amount required to pay interest on the Series 2004 A Bonds.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2004 A Bonds, the amount required to amortize the principal of the Series 2004 A

Bonds over the life of the bond issue; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, (i) transfer from the Revenue Fund and remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon the issuance of the Series 2004 A Bonds, for deposit into the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement, until the amount in the Series 2004 A Bonds Reserve Account equals the Series 2004 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004 A Bonds Reserve Requirement; and (ii) transfer from the Revenue Fund and remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004 B Bonds, for deposit into the Series 2004 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement, until the amount in the Series 2004 B Bonds Reserve Account equals the Series 2004 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004 B Bonds Reserve Requirement.

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for

replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in the Reserve Accounts (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.

(6) 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 of the System.

Monies in the Series 2004 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2004 A Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2004 A Bonds Reserve Account shall be sufficient to prepay the Series 2004 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2004 A Bonds together with accrued interest thereon to such prepayment date.

Monies in the Series 2004 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 B Bonds as the same shall become due. Monies in the Series 2004 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 B Bonds as the same shall come due, when other monies in the Series 2004 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2004 B Bonds Reserve Account shall be sufficient to prepay the Series 2004 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2004 B Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2004 A Bonds Reserve Account (if fully funded), the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bonds Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2004 A Bonds and the Series 2004 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2004 A Bonds Reserve Account or the Series 2004 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2004 A Bonds Reserve Requirement or the Series 2004 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Reserve Account or the Series 2004 B Bonds Sinking Fund, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 A Bonds and the Series 2004 B Bonds in accordance with the respective principal amounts then Outstanding.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Purchaser, the Authority or the BPH at any time, the Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 A Bonds and the Series 2004 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) remit to the Purchaser and the Commission, as applicable, the required principal, interest and reserve account payments with respect to the Series 2004 Bonds and all such payments shall be remitted to the Purchaser and the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by either the Authority or the BPH at any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in any fund or account shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

I. The Gross Revenues of the System shall only be used for purposes of the System.

J. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2004 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004 A Bonds, there shall be deposited with the Commission in the Series 2004 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2004 A Bonds Reserve Account.

B. From the proceeds of the Series 2004 B Bonds, there shall be deposited with the Commission in the Series 2004 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2004 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2004 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2004 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2004 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2004 B Bonds shall be expended as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. Monies in the Series 2004 A Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2004 A Bonds Construction Trust Fund and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2004 A Bonds if there are not sufficient Gross Revenues to make such monthly payment.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2004 A Bonds Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2004 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004 B Bonds Construction Trust Fund shall be made only after submission to the Authority and the BPH of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

(A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the respective Bond Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2004 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2004 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2004 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all the Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2004 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted on July 26, 2004, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2004 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series

2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2004 Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the Authority and the BPH, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2004 B Bonds, immediately be remitted to the Commission for deposit in the Series 2004 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the BPH, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2004 Bonds. Any balance remaining after the payment of all the Series 2004 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds, and must have the prior written consent of the Purchaser, the Authority and the BPH.

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

So long as the Series 2004 A Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues 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; and
- (3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2004 A Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2004 A Bonds are no longer Outstanding, the following parity requirement shall be met:

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

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

The "estimated average increased annual Net Revenue to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in the rates enacted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2004 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 Bonds.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2004 Bonds and shall submit said report to the Purchaser, the Authority and the BPH, or any other original purchaser of the

Series 2004 Bonds. Such audit report submitted to the Purchaser, the Authority and the BPH shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2004 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2004 Bonds are funded at least at the

requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04 hereof.

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Purchaser, the Authority and the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Purchaser, the Authority and the BPH is

sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the BPH when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent

authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

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

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

accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every 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.

(7) 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 2004 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.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Purchaser, the Authority and the BPH and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the system to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps necessary to maintain and operate the System and make the necessary replacements due to normal wear and tear so long as the Series 2004 Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer

shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and the BPH, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the BPH with copies of all documents submitted to the Purchaser and the Authority.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2004 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2004 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2004 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2004 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2004 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** To the extent legally required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2004 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2004 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. **Statutory Mortgage Lien.** For the further protection of the Holders of the Series 2004 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2004 Bonds.

Section 7.22. **Contracts; Public Releases.** A. The Issuer shall, simultaneously with the delivery of the Series 2004 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Purchaser and the BPH for written approval. The Issuer shall obtain the written approval of the Purchaser and the BPH before expending any proceeds of the Series 2004 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser and the BPH before expending any proceeds of the Series 2004 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004 Bonds as a condition to issuance of the Series 2004 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2004 Bonds as may be necessary in order to maintain the status of the Series 2004 Bonds as governmental bonds; (ii) that it shall not take,

or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2004 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the BPH, as the case may be, from which the proceeds of the Series 2004 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the BPH, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2004 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2004 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2004 Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2004 Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2004 A Bonds and the Series 2004 B Bonds shall be on a parity with each other.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and

the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2004 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2004 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2004 Bonds from gross income for federal income tax purposes.

Except through direct payment to the Holder of the Series 2004 A Bonds, the Issuer may not defease the Series 2004 A Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2004 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2004 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2004 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2004 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2004 Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Purchaser, the Authority or the BPH shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Town of Wayne
P. O. Box 186
Wayne, West Virginia 25570
Attention: Mayor

PURCHASER:

United States Department of Agriculture
Rural Utilities Service
281 Ragland Road
Beckley, West Virginia 25801

AUTHORITY:

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

BPH:

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301-2616
Attention: Environmental Engineering

All notices to be sent to the BPH hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47).

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

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

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in Wayne County News, a newspaper published in the Town of Wayne, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - July 12, 2004

Passed on Second Reading: - July 26, 2004

Passed on Final Reading
Following Public
Hearing: - August 16, 2004

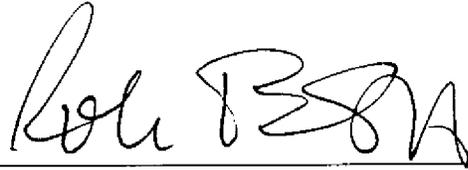

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF WAYNE on the 16th day of August, 2004.

Dated: October 21, 2004.

[SEAL]

A handwritten signature in black ink, appearing to read "John B. Smith", written over a horizontal line.

Recorder

10/06/04
946610.00001

TOWN OF WAYNE

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture) and
Series 2004 B (West Virginia DWTRF Program)

SUPPLEMENTAL AND AMENDATORY RESOLUTION

SUPPLEMENTAL RESOLUTION AMENDING THE BOND ORDINANCE; PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), OF THE TOWN OF WAYNE; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2004 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2004 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2004 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town Council (the "Governing Body") of the Town of Wayne (the "Issuer") has duly and officially enacted a bond ordinance, effective August 16, 2004 (the "Bond Ordinance" or the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT

MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Series 2004 B (West Virginia DWTRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2004 A Bonds" and the "Series 2004 B Bonds"), in the respective aggregate principal amounts not to exceed \$3,000,000 and \$2,500,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2004 B Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), all in accordance with Chapter 8, Article 19 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 2004 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the Series 2004 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

WHEREAS, the Bond Ordinance provides for two separate bond construction trust funds and pursuant to the Purchaser's request and with the consent of the Purchaser and the Authority, the Issuer wishes to amend the Bond Ordinance to provide for one construction trust fund;

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

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 2004 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of \$1,293,500. The Series 2004 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.50% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2004 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$5,938 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 2004 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 2004 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 2004 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 2004 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,925,000. The Series 2004 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2035, and shall bear no interest. The principal of the Series 2004 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2006, and maturing December 1, 2035, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2004 B Bonds. The Series 2004 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2004 B Bonds set forth in Schedule Y attached to the Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance, except that the Issuer hereby amends the Bond Ordinance so that any reference to the Series 2004 A Bonds Construction Trust Fund or the Series 2004 B Bonds Construction Trust Fund shall be read as the "Series 2004 Bonds Construction Trust Fund."

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2004 A Bonds and the Series 2004 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2004 B Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2004 B Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate City National Bank of West Virginia, Wayne, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. All proceeds of the Series 2004 A Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2004 A Bonds.

Section 8. Series 2004 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2004 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004 B Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2004 B Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2004 A Bonds may be delivered on or about October 21, 2004, to the Purchaser pursuant to the Letter of Conditions, and the Series 2004 B Bonds may be delivered on or about October 21, 2004, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds 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 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to

take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby ratifies, approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Left Blank]

Adopted this 18th day of October, 2004.

TOWN OF WAYNE

A handwritten signature in cursive script, appearing to read "James P. ...", is written over a horizontal line. The word "Mayor" is printed in a serif font below the line, with a circle drawn around it.

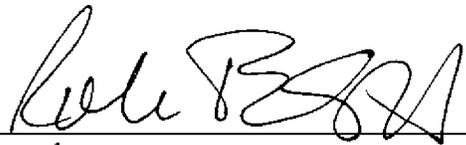
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Town of Wayne on this 18th day of October, 2004.

Dated: October 21, 2004.

[SEAL]


Recorder

10/12/04
946610.00001

USDA UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

Federal Building, 425 Juliana Street, Room 2701, P.O. Box 303, Parkersburg, WV 26102
304.420.6666 • fax 304.420.6876 • TTY/TDD 304.284.4836

August 17, 2004

Docketed

The Honorable James Ramey, Jr., III
Mayor, Town of Wayne
P.O. Box 186
Wayne, WV 25570-0186

Dear Mayor Ramey:

The pre-closing for the Town's RUS loan will be held on September 15, 2004, at 10:00 AM at Town Hall in Wayne, West Virginia. The preconstruction conference will follow at 11:00 AM. The official loan closing date for the Town's Water Improvements Project will be September 17, 2004.

Reference is made to our Letter of Conditions dated February 16, 2000, and amended April 8, 2002. All of the requirements of these letters must be met and in addition, the loan must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

The RUS loan of \$1,293,500 will be closed utilizing an interest rate of 4.5%. This results in a payment of \$5,938.00/month. The Town must establish and fund monthly a debt service reserve account and a depreciation reserve account. These reserve accounts together must equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into each account until an annual debt payment has been accumulated. Thereafter, the entire ten percent (10%) will be deposited into the depreciation reserve account.

The following items should be submitted to our office as soon as possible but not later than September 7, 2004:

1. The Town's engineer must provide a resume of the proposed inspector(s).
2. The Town must provide a letter accepting the proposed inspector(s).
3. The Town must provide evidence that it has acquired insurance and bond coverage in accordance with Item 11 of the Letter of Conditions.
4. The Town must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.
5. The permit from the West Virginia Department of Highways. The Town should proceed to obtain the necessary bond and forward same to the WVDOH requesting the permit be issued. At the very latest, this permit must be available on September 15, 2004

<http://www.rurdev.usda.gov/wv>



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer
Complaints of discrimination should be sent to: USDA Director, Office of Civil Rights, Washington, D.C. 20250-9410

COMMITTED TO THE FUTURE OF RURAL COMMUNITIES

On the day of preclosing, the following documents must be provided:

1. The Town'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 September 17, 2004.
2. The Town'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 Town. The opinion(s) should be dated September 17, 2004.
3. The Town must furnish evidence that the West Virginia Public Service Commission has approved the project's proposed financing.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,

VIRGINIA M. McDONALD
Rural Development Specialist

cc: State Director
USDA-Rural Development
Morgantown, WV

Steven D. Cole, P.E.
Woolpert, LLP
Ashland, KY

W. Michael Frazier, Esquire
Frazier & Oxley, LC
Huntington, WV

John C. Stump, Esquire
Steptoe & Johnson, LLP
Charleston, WV

Robert M. Davidson, CPA
Carter & Company
Huntington, WV

Kathryn Elliot, Grants Coordinator
Region II Planning and Development Council
Huntington, WV



United States
Department of
Agriculture

Rural Development

ederal Building, Room 320
High Street
Morgantown, WV 26505
Telephone: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-5941

February 16, 2000

FILE COPY

The Honorable James Ramey Jr. III
Mayor, Town of Wayne
P.O. Box 186
Wayne, WV 25570

Dear Mayor Ramey:

This letter, with Attachments 1 through 11 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$1,293,500, an RUS grant in the amount of \$256,500 and other funding in the amount of \$2,250,000, for a total project cost of \$3,800,000. The other funding is planned in the form of grants from the State of West Virginia and the Appalachian Regional Commission.

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 Town of Wayne
(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 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)
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 - Labor Standards Provisions
Attachment No. 11 - 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 4.5% interest rate and a monthly amortization factor of 0.00459, which provides for a monthly payment of \$5,938.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account and a depreciation reserve account, which together equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into both accounts until an annual debt payment has been accumulated. Thereafter, the entire 10% will be deposited into the depreciation reserve account.

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 Town's existing Waterworks Revenue Bonds, Series 1971, 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 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that there will be at least 1900 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 Town'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. Form RD 1942-19, "Agreement for Engineering Services," or EJCDC No. 1910-1, "Standard Form of Agreement between Owner and Engineer for Professional Services" may be used to obtain the services of an engineer. For your convenience, a copy of Form RD 1942-19 is attached hereto. The EJCDC document is issued under copyright and cannot be provided by RUS.
6. Legal Services - You must 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 - You must 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 the Town. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8) and RUS Bulletin 1780-30 (Attachment No. 9) 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 is 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 Town already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as

properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.

- e. On the day of loan closing, the Town's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the Town has already acquired real property(s) (land or facilities), the Town's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

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

- 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) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9, or other agreement approved by RUS. One copy of this item is attached hereto (Attachment No. 6).
 - (2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.

- (3) "Labor Standards Provisions" - Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 10). Additional copies must be reproduced by the engineer.
- b. The contract documents must provide, as a minimum, the following insurance:
- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the Town and its engineer. 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.
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 Town, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The Town must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.
15. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s),

you must provide evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.

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

Form RD 442-7 - "Operating Budget"

Form RD 1940-1 - "Request for Obligation of Funds"

RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"

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"

17. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA -- Rural Development State Office with a request for loan closing instructions to be issued.
18. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

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

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

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

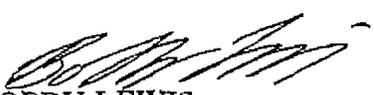
In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of water and waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

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

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

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

Sincerely yours,


BOBBY LEWIS
State Director

Enclosures

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

Bond Counsel

Woolpert Consultants
Charleston, WV

Rural Development Specialist
Parkersburg, WV

Accountant

Attorney

Attachment No. 1 to Letter of Conditions

For: Town of Wayne

Date: February 16, 2000Project Construction Budget

<u>Project Cost</u>	<u>ARC Grant</u>	<u>SCB Grant</u>	<u>RUS Grant</u>	<u>RUS Loan</u>	<u>Total</u>
Construction	\$1,000,000	\$795,500	\$193,000	\$861,500	\$2,850,000
Construction Contg.			31,000	139,000	170,000
Land and Rights		22,000			22,000
Legal Fees			4,500	20,500	25,000
Engineering Fees		385,000			385,000
Basic \$214,500					
Inspection \$142,000					
Special \$28,500					
Bond Counsel			2,000	8,000	10,000
Interest				150,000	150,000
Administration		37,500			37,500
Project Contg.		10,000	26,000	114,500	150,500
Total	\$1,000,000	\$1,250,000	\$ 256,500	\$1,293,500	\$3,800,000

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

First	2,000 gals. @	\$4.645 per M gals.
Next	3,000 gals. @	\$4.43 per M gals.
Next	34,000 gals. @	\$4.16 per M gals.
Over	39,000 gals. @	\$3.83 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 -	\$9.29 per month
3/4" meter -	\$13.94 per month
1" meter -	\$23.23 per month
1 1/2" meter -	\$46.45 per month
2" meter -	\$74.32 per month
3" meter -	\$139.35 per month
4" meter -	\$232.25 per month
6" meter -	\$464.50 per month

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$300.00 for connection to the system.

Reconnection Charge

\$20.00

Use and Income Analysis

454	users @	2,000	gallons @	\$ 9.29	per user =	\$4,217.66	monthly
270	users @	3,000	gallons @	\$ 13.72	per user =	\$3,704.40	monthly
371	users @	4,000	gallons @	\$ 18.15	per user =	\$6,733.65	monthly
290	users @	5,000	gallons @	\$ 22.58	per user =	\$6,548.20	monthly
159	users @	6,000	gallons @	\$ 26.74	per user =	\$4,251.66	monthly
119	users @	7,000	gallons @	\$ 30.90	per user =	\$3,677.10	monthly
73	users @	8,000	gallons @	\$ 35.06	per user =	\$2,559.38	monthly
50	users @	9,000	gallons @	\$ 39.22	per user =	\$1,961.00	monthly
26	users @	10,000	gallons @	\$ 43.38	per user =	\$1,127.88	monthly
9	users @	11,000	gallons @	\$ 47.54	per user =	\$ 427.86	monthly
10	users @	12,000	gallons @	\$ 51.70	per user =	\$ 517.00	monthly
9	users @	13,000	gallons @	\$ 55.86	per user =	\$ 502.74	monthly
5	users @	14,000	gallons @	\$ 60.02	per user =	\$ 300.10	monthly
6	users @	15,000	gallons @	\$ 64.18	per user =	\$ 385.08	monthly
3	users @	16,000	gallons @	\$ 68.34	per user =	\$ 205.02	monthly
4	users @	17,000	gallons @	\$ 72.50	per user =	\$ 290.00	monthly
3	users @	18,000	gallons @	\$ 76.66	per user =	\$ 229.98	monthly
2	users @	19,000	gallons @	\$ 80.82	per user =	\$ 161.64	monthly
2	users @	20,000	gallons @	\$ 84.98	per user =	\$ 169.96	monthly
2	users @	21,000	gallons @	\$ 89.14	per user =	\$ 178.28	monthly
1	users @	22,000	gallons @	\$ 93.30	per user =	\$ 93.30	monthly
1	users @	23,000	gallons @	\$ 97.46	per user =	\$ 97.46	monthly
1	users @	24,000	gallons @	\$ 101.62	per user =	\$ 101.62	monthly
1	users @	25,000	gallons @	\$ 105.78	per user =	\$ 105.78	monthly
1	users @	26,000	gallons @	\$ 109.94	per user =	\$ 109.94	monthly
2	users @	30,000	gallons @	\$ 126.58	per user =	\$ 253.16	monthly
1	users @	31,000	gallons @	\$ 130.74	per user =	\$ 130.74	monthly
1	users @	32,000	gallons @	\$ 134.90	per user =	\$ 134.90	monthly
1	users @	34,000	gallons @	\$ 143.22	per user =	\$ 143.22	monthly
1	users @	40,000	gallons @	\$ 167.85	per user =	\$ 167.85	monthly
11	users @	43,000	gallons @	\$ 179.34	per user =	\$1,972.74	monthly
1	users @	44,000	gallons @	\$ 183.17	per user =	\$ 183.17	monthly
1	users @	45,000	gallons @	\$ 187.00	per user =	\$ 187.00	monthly
2	users @	46,000	gallons @	\$ 190.83	per user =	\$ 381.66	monthly
1	users @	57,000	gallons @	\$ 232.96	per user =	\$ 232.96	monthly
1	users @	75,000	gallons @	\$ 301.90	per user =	\$ 301.90	monthly
1	users @	109,000	gallons @	\$ 432.12	per user =	\$ 432.12	monthly
1	users @	131,000	gallons @	\$ 516.38	per user =	\$ 516.38	monthly
1	users @	204,000	gallons @	\$ 795.97	per user =	\$ 795.97	monthly
1	users @	220,000	gallons @	\$ 857.25	per user =	\$ 857.25	monthly
1	users @	343,000	gallons @	\$ 1,328.34	per user =	\$1,328.34	monthly

Use and Income Analysis (Continued)

1900 Total Users

\$46,676.05 Monthly Revenue x 12 = \$560,112.60 Annual Revenue

Budget

Income		\$560,113
Expenses		
O & M	\$454,000	
*Debt Service	96,456	
**Debt Service Reserve	6,083	
***Depreciation Reserve	3,563	
		\$560,102
Balance and Depreciation		\$ 11

Operating and Maintenance Expenses

Pumping	\$170,550
Water Treatment	66,300
Transmission and Distribution	92,900
Customer Accounts	42,150
Administrative and General	72,550
Miscellaneous	9,550
TOTAL	\$454,000

*Existing Debt Service -	\$25,200
Proposed Debt Service -	71,256
Total Debt Service -	\$96,456

** Existing Debt Service Reserve	\$ 2,520
Proposed Debt Service Reserve	3,563
Total Debt Service Reserve	\$ 6,083

*** Existing Depreciation Reserve	\$ 0
Proposed Depreciation Reserve	3,563
Total Depreciation Reserve	\$ 3,563

Attachment No. 2 to Letter of Conditions
 For: Town of Wayne
 Date: February 16, 2000

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

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	App.		Have	3
	Public Notice of Intent to File App. / Environ. Notice	1	1780.19(a) 1940-G	App.		Have	3
	Regional Planning & Development Council Review	2	1780.33(b)	App.		Have	3
	State Clearing-house Review or IJDC Review	2	1780.33(b)	App.		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Eng.		Have	6
	Bond Ordn. or Resol. on Outstanding Debts	1	1780.33(e)	App./Atty.		Have	2
	Bonds or Notes Outstanding Debts	1	1780.33(e)	App./Atty.		Have	2

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Audit for last year of operation	1	1780.33(e)	App./Acct.		Have	1
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	App.		✓	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	App.		✓	5
RD 1940-20	Request for Env. Info/ Attachments	2	1780.33(f)	App./Eng.		Have	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	App.		Have	3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	App.		Have	2
	Env. Assessment for Class II Actions (Exhibit H, 1940-G)	2	1940-G	RUS/Eng.		Have	3
	Site Visit		S.I. 1780-2	RUS		Have	3
	Statement from Historical Preservation Office	2	Exhibit H 1940-G	App.		Have	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Comments from U.S. Fish and Wildlife Service (Endangered Species)	2	Exhibit H 1940-G	App.		Have	3
	Farmland Conversion Impact Rating	1	Exhibit H 1940-G	RUS/ NRCS		Have	3
	FEMA Standard Flood Hazard Determination	2	1940-G	RUS/Eng.		Have	3
	Civil Rights Impact Analysis Certification	2	1940-G	RUS/Eng.		Have	3
	FONSI / Evidence of Publication	1	Exhibit 1 RD 1940-G News Ad	RUS/App.		✓	3
	Copy of Existing Rate Tariff	2	1780.33	App.		Have	8
	Applicant's IRS Tax Number (TIN)	1	1780.33(g)	App.		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Staff Engineer PER Review	1	1780.33(c)	RUS			6
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
	Bill Analysis for existing system(s)	2	1780.33(c)	App./Eng.		Have	8

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
RD 1942-19 or other approved	Agreement between Owner & Engineer	3	1780.39(b)	App./Eng.			6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	App./Atty.			5
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	App./ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	App./Acct.			5
	Documentation on Service Area	1	1780.11	RUS		Have	3
	Relationships/ Associations with Agency Employees	1	1780.1(f)			✓	3
Auto. Form	Grant Determination	3	1780.35(b)	RUS		Have	
RD 1942-45	Project Summary	3	1780.41(a)	RUS		Have	1
RD 442-7	Operating Budget	3	1780.33(h)	App.		✓	3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		Have	2
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS		Have	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	App.		✓	3
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/App.		✓	2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/App.		✓	2
	Evidence of "Other Funds"	1	1780.44(f)	App.			2
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	App.		Have	5
AD 1048	Certification Regarding Debarment (Contractor)	1 ea.	1780.33(h)	All Appropriate Vendors			5
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	App.		Have	3
	Evidence of Users:						
	Certification Relative to Existing Users	1	LOC	App.			5
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	App.			5

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Verification of Users	1	1780.44(b)	RUS			3
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Eng.			Sep. File
	Deeds and/or Options		1780.44(g)	App./Atty.			
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	App./Atty.			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	App./Atty.			5
	Narrative Opinion from Attorney	1	1780.44(g)	Atty.			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Atty.			5
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	App.			5
	Copy of PSC Rule 42 Exhibit	1	State	Atty./Acct.			3
Lender Agrmnt/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	App./RUS			1
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	App./ Atty./RUS			5

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
RD 400-1	Equal Opportunity Agreement	1	1901-E	App.		✓	6
RD 400-4	Assurance Agreement	1	1901-E	App.		✓	3
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Sep. File
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
	DOH Permit	1	1780.15(d)	App.			6
	Railroad Permits	1	1780.15(d)	App.			6
	Public Land Corp. Permit	1	1780.15(d)	App.			6
	Corps of Engineers Permit	1	1780.15(d)	App.			6
	Contract Documents, Plans and Specifications	2		Eng.			Sep. File
	Dept. of Health Approval	1	1780.15(d)	Eng.			6
	Dept. of Environmental Protection Permit	1		Eng.			6
400-8	Comp. Review	1	1901-H 1901.204	RUS			5

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Provided by</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
1924-16	Record of PreConstruction Conference	1	1780.76(a)	RUS/Eng.			6
	Bid Tabulation	1	1780.61(b)	Eng.			6
	Resume' of Inspector	1	1780.76(c)	Eng.			6
	Liability Insurance		1780.39(g)	App.			7
	Workers' Compensation Certificate	1	1780.39(g)	App.			7
	Flood Insurance Policy	1	1780.39(g)	App.			7
440-24	Fidelity Bond	1	1780.39(g)	App.			7
	OGC Final Opinion	1	1780.45(g)	RUS			5



Rural
Development

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

April 8, 2002

The Honorable James Ramey, Jr., III
Mayor, Town of Wayne
P.O. Box 186
Wayne, WV 25570

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Ramey:

Reference is made to the Letter of Conditions issued to the Town on February 16, 2000. Due to a change in the funding scenario, it has become necessary to amend the original Letter of Conditions accordingly.

This letter, with Attachment No. 1, amends the letter of conditions dated February 16, 2000 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$1,293,500, an RUS grant in the amount of \$256,500, and other funding in the amount of \$2,250,000, for a total project cost of \$3,800,000. The other funding is planned in the form of a Small Cities Block Grant in the amount of \$1,250,000 and a loan in the amount of \$1,000,000 from the Drinking Water Treatment Revolving Fund.

Subject to the requirements noted herein, all of the conditions of the February 16, 2000 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 is Attachment No. 1 - Project Construction Budget.

Additional requirements and changes necessitated by the funding revision include:

1. The planning factors have been amended to reflect the funding changes. (See Attachment No. 1)
2. Bond Counsel - Your bond counsel should be notified immediately of the additional funding and requested to prepare the form of ordinance to be used. The bond counsel should proceed in accordance with Subpart D of RUS Instruction 1780.
3. 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.
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):

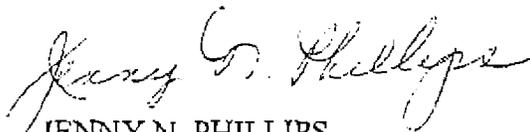
Form RD 442-7 - "Initial Operating Budget"

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 Town still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely,



JENNY N. PHILLIPS

State Director

Enclosures

cc: See Page 3

RUS Rural Development Specialist
Parkersburg, WV

W. Michael Frazier, Esquire
Frazier & Oxley, L.C.
Huntington, WV

John C. Stump, Esquire
Steptoe and Johnson
Charleston, WV

Dallis Ramey, CPA
Huntington, WV

Woolpert Consultants
Charleston, WV

Kathryn K. Elliott
Region II Planning &
Development Council
Huntington, WV

For: Town of Jayne

Date: April 8, 2002

PROJECT CONSTRUCTION BUDGET
TOWN OF WAYNE

<u>PROJECT COST</u>	<u>DWTRF Loan</u>	<u>SCB Grant</u>	<u>RUS Grant</u>	<u>RUS Loan</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 970,250	\$ 671,940	\$ 208,150	\$ 958,660	\$ 2,809,000
CONST. CONTINGENCY			\$ 30,000	\$ 132,500	\$ 162,500
LAND & RIGHTS		\$ 28,000			\$ 28,000
LEGAL FEES	\$ 12,500		\$ 2,250	\$ 10,250	\$ 25,000
BOND COUNSEL	\$ 7,000		\$ 2,000	\$ 8,000	\$ 17,000
ENGINEERING FEES		\$ 513,060			\$ 513,060
Basic - \$400,000					
Insp. - \$ 87,000					
Spec. - \$ 26,060					
PERMITS		\$ 2,000			\$ 2,000
REGISTRAR FEE	\$ 250				\$ 250
INTEREST				\$ 150,000	\$ 150,000
ADMINISTRATION	\$ 10,000	\$ 35,000			\$ 45,000
PROJECT CONTG.			\$ 14,100	\$ 34,090	\$ 48,190
TOTAL	\$ 1,000,000	\$ 1,250,000	\$ 256,500	\$ 1,293,500	\$ 3,800,000

Rates

Available for general domestic, commercial and industrial service.

First 2,000 gals. @ \$5.00 per M gals.
 Next 3,000 gals. @ \$4.75 per M gals.
 Next 34,000 gals. @ \$4.45 per M gals.
 Over 39,000 gals. @ \$4.10 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 \$ 10.00 per month
 3/4" meter \$ 15.00 per month
 1" meter \$ 25.00 per month
 1 1/2" meter \$ 50.00 per month
 2" meter \$ 80.00 per month
 3" meter \$150.00 per month
 4" meter \$250.00 per month
 6" meter \$500.00 per month

Minimum Monthly Bill - \$10.00 for 2,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$300.00 for connection to the system.

Reconnection Charge

\$20.00

Use and Income Analysis

Blocking	Cust	Gal/ Mo.	*Surcharge Per User	First 2,000	Next 3,000	Next 34,000	Over 39,000	TOTAL REVENUE
0 - 2,000	454	908	454	908				
2,001 - 5,000	931	3744	931	1862	1882			
5,001 - 39,000	492	4144	492	984	1476	1684		
Over 39,000	23	1833	23	46	69	782	936	
Monthly Total	1900	10629	1900	3800	3427	2466	936	
Proposed Rates			\$ 3.00	\$ 5.00	\$ 4.75	\$ 4.45	\$ 4.10	
Monthly Revenues			\$ 5,700.00	\$ 19,000.00	\$ 16,278.25	\$ 10,973.70	\$ 3,837.60	\$ 55,789.55
Annual Revenues			\$68,400.00	\$228,000.00	\$195,339.00	\$131,684.40	\$ 46,051.20	\$669,474.60

*Surcharge enacted by Town Council effective March 2001.

**The total of 1,900 users includes 1,781 current users plus 100 additional customers located on an extension that is under construction and 19 users that will be served by another small extension to be completed by the Town prior to this project.

Cash Flow Analysis

OPERATING INCOME

Metered Sales

Penalties

Other Income

Reconnect Fees

TOTAL OPERATING INCOME

\$ 669,474

NON OPERATING INCOME

Interest income

TOTAL NON OPERATING INCOME

\$ -

TOTAL INCOME

\$ 669,474

EXPENSES

O & M

Taxes

TOTAL EXPENSES

\$ 495,798

INCOME AVAILABLE FOR D/S (A)

\$ 173,676

DEBT SERVICE

Existing Bond P & I (B)

32,355

Proposed Bond P & I (B)

109,896

TOTAL DEBT SERVICE

\$ 142,251

DEBT SERVICE RESERVE

Existing Debt Service Reserve

\$2,520

Proposed Debt Service Reserve

\$10,990

TOTAL DEBT SERVICE RESERVE

\$ 13,510

DEPRECIATION RESERVE

Existing Depreciation Reserve

-

Proposed Depreciation Reserve

16,737

TOTAL DEPRECIATION RESERVE

\$ 16,737

SURPLUS (DEFICIT)

\$ 1,178

DEBT COVERAGE (A/B)

\$ 1.22

DWTRF
(03/26/02)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

TOWN OF WAYNE
(Local Entity)

WITNESSETH:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

WHEREAS, under the Act the BPH is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition §66.458 (1998)) and BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

WHEREAS, the Local Entity is included on the BPH State Project Priority List and the Intended Use Plan and has met BPH's pre-application requirements for the Program;

WHEREAS, the Local Entity is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a drinking water project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Entity;

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

WHEREAS, the Local Entity has completed and filed with the Authority and BPH an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and BPH are willing to lend the Local Entity the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Entity with moneys held in the Fund, subject to the Local Entity's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Entity, BPH and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local entity," and "project" have the definitions and meanings ascribed to them in the Act or in the DWTRF Regulations.

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

1.3 "Loan" means the loan to be made by the Authority and BPH to the Local Entity through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Entity pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.9 "Project" means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "System" means the drinking water system owned by the Local Entity, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Local Entity shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and BPH and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Entity, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Entity on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Entity must

also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, BPH and the Local Entity at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

2.10 The Local Entity shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to BPH when the Project is 90% completed. The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

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

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

2.13 The Local Entity, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward such forms to BPH in compliance with the Local Entity's construction schedule.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Local Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Entity shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

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

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

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

Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

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

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated

from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

3.6 The Local Entity shall provide BPH with the appropriate documentation to comply with the special conditions regarding the public release requirements established by federal and State regulations as set forth in Exhibit D attached hereto at such times as are set forth therein.

ARTICLE IV

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

4.1 The Local Entity shall, as one of the conditions of the Authority and BPH to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Entity in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues, as applicable, of the System as provided in the Local Act;

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

(iii) That the Local Entity will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the DWTRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Entity shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues

of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and BPH;

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

(vii) That the Local Entity will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Entity under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and BPH. If the Local Entity receives \$300,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that the Local Entity is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance

of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and BPH within 30 days of adoption thereof;

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and the Authority;

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Entity will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Entity shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and BPH is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

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

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

4.2 The Loan shall be secured by the pledge and assignment by the Local Entity, as effected by the Local Act, of the fees, charges and other revenues of the Local Entity from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined

in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Entity. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the DWTRF Regulations, the Local Entity agrees to pay from time to time, if required by the Authority and BPH, the Local Entity's allocable share of the reasonable administrative expenses of the BPH and the Authority relating to the Program. Such administrative expenses shall be determined by the BPH and the Authority and shall include, without limitation, Program expenses, legal fees paid by the BPH and the Authority and fees paid for any bonds or notes to be issued by the Authority for contribution to the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

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

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

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

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

5.4 The Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Entity

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

6.2 The Local Entity hereby warrants and represents that all information provided to the Authority and BPH in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were

made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and BPH shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the DWTRF Regulations or this Loan Agreement.

6.3 The Local Entity hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

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

6.5 Notwithstanding Section 6.4, the Authority and BPH may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Entity to be monitored or cause the rebate calculations for the Local Entity to be prepared, in either case at the expense of the Local Entity.

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

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

(iii) termination by the Authority and BPH pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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

TOWN OF WAYNE
[Name of Local Entity]

(SEAL)

By: 
Its: Mayor

Attest:

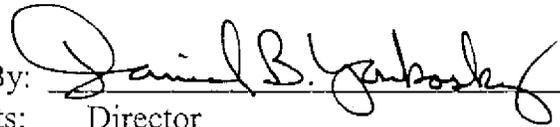
Date: October 21, 2004



Its: Recorder

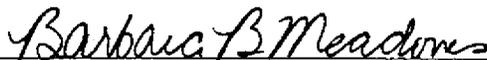
WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: 
Its: Director

Attest:

Date: October 21, 2004



Its: Secretary-Treasurer

000832/00520
03/26/02

EXHIBIT A

MONTHLY FINANCIAL REPORT

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

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

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

The Local Entity must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit A, and my firm¹ has ascertained that all successful

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

bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

_____.

[SEAL]

By: _____

West Virginia License No. _____

"my firm has ascertained that".

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

EXHIBIT D

SPECIAL CONDITIONS

The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with federal money, (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

This loan commitment is also contingent upon the Town of Wayne meeting the following:

- a. A water rate increase that will bring the user rates for 4,500 gallons to at least 1.5% of the median household income using the 2000 census.
- b. Receive a *Certificate of Convenience and Necessity* from the Public Service Commission prior to the scheduled closing date.

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1217

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Entity"), a
_____.

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$1,925,000

Purchase Price of Local Bonds \$1,925,000

The Local Bonds shall bear no interest. Commencing March 1, 2006, principal of the Local Bonds is payable quarterly, together with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Entity shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Entity shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Entity shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Entity may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and BPH. The Local Entity shall request approval from the Authority and BPH in writing of any proposed debt which will be issued by the Local Entity on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated October 21, 2004, issued in the principal amount of \$1,293,500.

SCHEDULE Y

\$1,925,000

Town of Wayne

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: October 21, 2004

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	16,041.67	-	16,041.67
06/01/2006	16,041.67	-	16,041.67
09/01/2006	16,041.67	-	16,041.67
12/01/2006	16,041.67	-	16,041.67
03/01/2007	16,041.67	-	16,041.67
06/01/2007	16,041.67	-	16,041.67
09/01/2007	16,041.67	-	16,041.67
12/01/2007	16,041.67	-	16,041.67
03/01/2008	16,041.67	-	16,041.67
06/01/2008	16,041.67	-	16,041.67
09/01/2008	16,041.67	-	16,041.67
12/01/2008	16,041.67	-	16,041.67
03/01/2009	16,041.67	-	16,041.67
06/01/2009	16,041.67	-	16,041.67
09/01/2009	16,041.67	-	16,041.67
12/01/2009	16,041.67	-	16,041.67
03/01/2010	16,041.67	-	16,041.67
06/01/2010	16,041.67	-	16,041.67
09/01/2010	16,041.67	-	16,041.67
12/01/2010	16,041.67	-	16,041.67
03/01/2011	16,041.67	-	16,041.67
06/01/2011	16,041.67	-	16,041.67
09/01/2011	16,041.67	-	16,041.67
12/01/2011	16,041.67	-	16,041.67
03/01/2012	16,041.67	-	16,041.67
06/01/2012	16,041.67	-	16,041.67
09/01/2012	16,041.67	-	16,041.67
12/01/2012	16,041.67	-	16,041.67
03/01/2013	16,041.67	-	16,041.67
06/01/2013	16,041.67	-	16,041.67
09/01/2013	16,041.67	-	16,041.67
12/01/2013	16,041.67	-	16,041.67
03/01/2014	16,041.67	-	16,041.67
06/01/2014	16,041.67	-	16,041.67
09/01/2014	16,041.67	-	16,041.67
12/01/2014	16,041.67	-	16,041.67
03/01/2015	16,041.67	-	16,041.67
06/01/2015	16,041.67	-	16,041.67
09/01/2015	16,041.67	-	16,041.67

\$1,925,000

Town of Wayne

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: October 21, 2004

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
12/01/2015	16,041.67	-	16,041.67
03/01/2016	16,041.67	-	16,041.67
06/01/2016	16,041.67	-	16,041.67
09/01/2016	16,041.67	-	16,041.67
12/01/2016	16,041.67	-	16,041.67
03/01/2017	16,041.67	-	16,041.67
06/01/2017	16,041.67	-	16,041.67
09/01/2017	16,041.67	-	16,041.67
12/01/2017	16,041.67	-	16,041.67
03/01/2018	16,041.67	-	16,041.67
06/01/2018	16,041.67	-	16,041.67
09/01/2018	16,041.67	-	16,041.67
12/01/2018	16,041.67	-	16,041.67
03/01/2019	16,041.67	-	16,041.67
06/01/2019	16,041.67	-	16,041.67
09/01/2019	16,041.67	-	16,041.67
12/01/2019	16,041.67	-	16,041.67
03/01/2020	16,041.67	-	16,041.67
06/01/2020	16,041.67	-	16,041.67
09/01/2020	16,041.67	-	16,041.67
12/01/2020	16,041.67	-	16,041.67
03/01/2021	16,041.67	-	16,041.67
06/01/2021	16,041.67	-	16,041.67
09/01/2021	16,041.67	-	16,041.67
12/01/2021	16,041.67	-	16,041.67
03/01/2022	16,041.67	-	16,041.67
06/01/2022	16,041.67	-	16,041.67
09/01/2022	16,041.67	-	16,041.67
12/01/2022	16,041.67	-	16,041.67
03/01/2023	16,041.67	-	16,041.67
06/01/2023	16,041.67	-	16,041.67
09/01/2023	16,041.67	-	16,041.67
12/01/2023	16,041.67	-	16,041.67
03/01/2024	16,041.67	-	16,041.67
06/01/2024	16,041.67	-	16,041.67
09/01/2024	16,041.67	-	16,041.67
12/01/2024	16,041.67	-	16,041.67
03/01/2025	16,041.67	-	16,041.67
06/01/2025	16,041.67	-	16,041.67
09/01/2025	16,041.67	-	16,041.67
12/01/2025	16,041.67	-	16,041.67
03/01/2026	16,041.66	-	16,041.66
06/01/2026	16,041.66	-	16,041.66
09/01/2026	16,041.66	-	16,041.66

\$1,925,000

Town of Wayne

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: October 21, 2004

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
12/01/2026	16,041.66	-	16,041.66
03/01/2027	16,041.66	-	16,041.66
06/01/2027	16,041.66	-	16,041.66
09/01/2027	16,041.66	-	16,041.66
12/01/2027	16,041.66	-	16,041.66
03/01/2028	16,041.66	-	16,041.66
06/01/2028	16,041.66	-	16,041.66
09/01/2028	16,041.66	-	16,041.66
12/01/2028	16,041.66	-	16,041.66
03/01/2029	16,041.66	-	16,041.66
06/01/2029	16,041.66	-	16,041.66
09/01/2029	16,041.66	-	16,041.66
12/01/2029	16,041.66	-	16,041.66
03/01/2030	16,041.66	-	16,041.66
06/01/2030	16,041.66	-	16,041.66
09/01/2030	16,041.66	-	16,041.66
12/01/2030	16,041.66	-	16,041.66
03/01/2031	16,041.66	-	16,041.66
06/01/2031	16,041.66	-	16,041.66
09/01/2031	16,041.66	-	16,041.66
12/01/2031	16,041.66	-	16,041.66
03/01/2032	16,041.66	-	16,041.66
06/01/2032	16,041.66	-	16,041.66
09/01/2032	16,041.66	-	16,041.66
12/01/2032	16,041.66	-	16,041.66
03/01/2033	16,041.66	-	16,041.66
06/01/2033	16,041.66	-	16,041.66
09/01/2033	16,041.66	-	16,041.66
12/01/2033	16,041.66	-	16,041.66
03/01/2034	16,041.66	-	16,041.66
06/01/2034	16,041.66	-	16,041.66
09/01/2034	16,041.66	-	16,041.66
12/01/2034	16,041.66	-	16,041.66
03/01/2035	16,041.66	-	16,041.66
06/01/2035	16,041.66	-	16,041.66
09/01/2035	16,041.66	-	16,041.66
12/01/2035	16,041.66	-	16,041.66
Total	\$1,925,000.00	-	\$1,925,000.00 *

*Plus \$2,426.31 one-percent administrative fee paid quarterly. Total fee over life of loan is \$291,157.20.

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 7th day of October, 2004.

CASE NO. 03-0975-W-CN (REOPENED)

WAYNE MUNICIPAL WATER DEPARTMENT
Application for a Certificate of Convenience and Necessity to construct new water storage tanks, to replace deteriorated water lines, and to upgrade the water treatment plant.

COMMISSION ORDER

A Recommended Decision¹ was entered on November 19, 2003 (Final December 9, 2003), granting the Wayne Municipal Water Department (Town) a certificate of convenience and necessity for a water system improvement project which will provide improved service to approximately 2,088 customers, residing both within the Town of Wayne and the surrounding areas of Wayne County. Among other things, the proposed financing was also approved pursuant to the Recommended Decision as follows: a \$1,250,000 Small Cities Block Grant (SCBG); a \$256,500 Rural Utilities Service (RUS) Grant; a \$1,293,500 RUS Loan at an interest rate of not to exceed 4.5% for a term not to exceed thirty-eight (38) years; and a \$1,000,000 Drinking Water Treatment Revolving Fund (DWTRF) Loan with a 1% administrative fee for a term of thirty (30) years.

On August 30, 2004, bond counsel filed correspondence, on behalf of the Town, requesting approval of a revised budget for the water system improvement project. The Town indicated that while the Order approved a project cost of \$3,800,000, the budget increased to \$4,725,000 due to a bid overrun. The Town attached a revised project budget

¹A detailed account of the procedural history of this case is set forth in the Recommended Decision and will not be repeated herein.

and explained the increased costs would be covered by a \$925,000 increase in the DWTRF loan. The Town further stated that on July 26, 2003, it enacted a Sewer Rate Ordinance increasing its rates and charges to support the increased borrowing.

On September 2, 2004, correspondence was filed by the Town's counsel regarding the Town's new rate ordinance. Attached to the correspondence were various documents and affidavits related to the new ordinance.

Correspondence was filed by bond counsel on September 22, 2004, advising the Commission that the Town was seeking extensions of the bids for this project from the successful bidders until October 21, 2004. Thus, the Town asked that the Commission enter an Order by October 11, 2004.

Commission Staff (Staff) filed an Initial and Final Joint Staff Memorandum on October 5, 2004. Staff determined that the need for the project continues, the project scope has not changed since the approval of the original application and the approved estimated operating and maintenance costs have not increased. Moreover, although the final as-bid project costs are above the consulting engineer's original estimates, Staff does not believe they are excessive.

With respect to the Town enacting its second water rate ordinance to cover the additional \$925,000 loan, Staff reasoned that the Town substantially complied with the applicable statute and Commission rules and that the thirty-(30) day protest period ended on October 1, 2004. As no protests have been filed, Staff opined the Town's rates would become effective on or after October 16, 2004. Further, Staff determined that the Town's adopted rates and charges will generate sufficient revenues to pay the additional DWTRF debt and reserve requirements and provide a cash flow surplus of approximately \$24,625 and debt coverage of approximately 140%.

Consequently, Staff recommended approval of the Town's petition to borrow \$925,000 additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee. The total cost of the project will be \$4,725,000.

DISCUSSION

Upon review of all of the foregoing, the Commission agrees with the Staff recommendation filed on October 5, 2004. The Town's petition for approval of additional funding should be granted, which includes \$925,000 in additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee.

FINDINGS OF FACT

1. A Recommended Decision was entered on November 19, 2003 (Final December 9, 2003), granting the Town of Wayne a certificate of convenience and necessity for a water system improvement project which will provide improved service to approximately 2,088 customers, residing both within the Town of Wayne and the surrounding areas of Wayne County. Among other things, the proposed financing was also approved pursuant to the Recommended Decision as follows: a \$1,250,000 SCBG; a \$256,500 RUS Grant; a \$1,293,500 RUS Loan at an interest rate of not to exceed 4.5% for a term not to exceed thirty-eight (38) years; and a \$1,000,000 DWTRF Loan with a 1% administrative fee for a term of thirty (30) years.

2. On August 30, 2004, the Town requested approval of \$925,000 additional funding, reflected as an increase in the DWTRF loan, due to a bid overrun. The Town stated that on July 26, 2003, it enacted a Sewer Rate Ordinance increasing its rates and charges to support the increased borrowing.

3. On October 5, 2004, Staff determined that the Town's adopted rates and charges will generate sufficient revenues to pay the additional DWTRF debt and reserve requirements, and provide a cash flow surplus of approximately \$24,625 and debt coverage of approximately 140%. Further, Staff recommended approval of the Town's petition to borrow \$925,000 additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee.

CONCLUSION OF LAW

The Town's petition for approval of additional funding should be granted, which includes \$925,000 in additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee.

ORDER

IT IS, THEREFORE, ORDERED that the Wayne Municipal Water Department's petition to reopen this case is granted.

IT IS FURTHER ORDERED that the Wayne Municipal Water Department's petition for approval of additional funding, consisting of \$925,000 in additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee, is hereby granted.

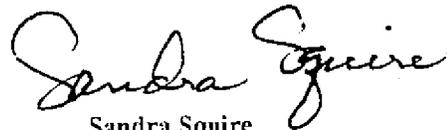
IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the Wayne Municipal Water Department shall petition the Commission to reopen this proceeding for approval of the same.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

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

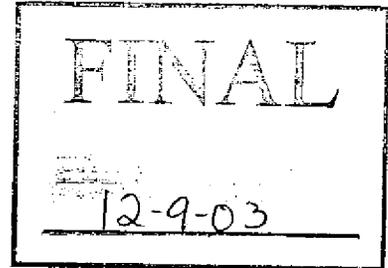
TBS/ljm
030975ca.wpd

A True Copy, Teste:


Sandra Squire
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 19, 2003



CASE NO. 03-0975-W-CN

WAYNE MUNICIPAL WATER DEPARTMENT
P.O. Box 186,
Wayne, Wayne County,

Application for a Certificate of Convenience
and Necessity to construct new water
storage tanks, to replace deteriorated
water lines, and to upgrade the water
treatment plant.

RECOMMENDED DECISION

On June 6, 2003, Wayne Municipal Water Department (Wayne, Town or Applicant), a municipal utility, filed an application, duly verified, for a certificate to construct new water storage tanks, to replace deteriorated water lines and to upgrade the water treatment plant. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

On June 19, 2003, Wayne refiled the application on the correct form.

Wayne estimates that construction will cost approximately \$3,800,000. It is proposed that the construction will be financed as follows: a Small Cities Block Grant in the amount of \$1,250,000; a Rural Utilities Service (RUS) Grant in the amount of \$256,500; a Rural Utilities Service loan in the amount of \$1,293,500, at an interest rate not to exceed 4.5%, for a term not to exceed thirty-eight (38) years; and a Drinking Water Treatment Revolving Loan in the amount of \$1,000,000, with a 1% administrative fee, for a term of 28.5 years.

By Notice of Filing Order entered on June 26, 2003, Wayne was directed to give notice of its application by publishing a copy of the Notice of Filing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wayne County. If no public protests are timely filed in response to the published notice, the Commission is authorized to render a decision without a hearing, by virtue of West Virginia Code §24-2-11.

On July 8, 2003, the Applicant filed three fully executed Agreements between Norfolk Southern Railroad Company and the Town of Wayne, regarding the use of rights-of-way for this project.

MSR

On July 10, 2003, Wayne filed affidavits of publication showing that publications were made on April 25, 2003, and May 20, 2003, in The Wayne County News. These affidavits concerned the pre-ordinance publication and post-ordinance publication for the rate ordinance associated with this project. Also, Wayne filed an affidavit from Kim Brooks of the Town of Wayne, indicating that a press release was forwarded to The Wayne County News and that the proper notice was posted.

On July 28, 2003, Ronald E. Robertson, Jr., Staff Attorney, filed an Initial Joint Staff Memorandum, attached to which was an Initial Joint Staff Memorandum from Joe Gollie, Utilities Analyst III, Utilities Division, and Jonathan Fowler, P.E., Staff Engineer, Engineering Division. According to Staff, the Town's representatives are currently assembling additional information. Staff will review the additional information when submitted and, at that time, make a recommendation.

On August 6, 2003, the Public Service Commission issued a Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before January 21, 2004.

On August 14, 2003, the Applicant filed funding commitment letters and/or evidence of funding from three sources involved in Wayne's water system improvement project.

On August 27, 2003, the Applicant filed an affidavit of publication showing that publication of the Notice of Filing was made on July 17, 2003, in The Wayne County News. Anyone objecting to the application was given thirty (30) days to file a protest with the Commission. The protest period expired on August 18, 2003. As of the date of this Order, no protests have been filed.

The Final Joint Staff Recommendation was due on September 23, 2003.

By Order entered on October 17, 2003, Commission Staff was directed to file its recommendation on or before October 27, 2003.

On October 31, 2003, a State of West Virginia Office of Environmental Services permit was filed herein, which granted approval to amend and modify Permit No. 14,549 issued July 11, 2000, and Permit No. 15,157 issued February 21, 2002, for the new water treatment plant for the Town of Wayne. The permit was extended to October 27, 2005.

On November 13, 2003, Staff Attorney Robertson filed a Final Joint Staff Memorandum, attached to which were Final Internal Memoranda from Mr. Fowler and Mr. Gollie. According to Mr. Fowler, the Town of Wayne's water system improvement project will provide improved service to approximately 2,088 customers, residing both within the Town and in the surrounding areas of Wayne County. The project will consist of the renovation of the Town's existing water treatment plant, including an expansion of this facility to a new capacity of 900 gallons per minute. The existing plant is rated at 450 GPM. The Town also proposes to replace substantial portions of the existing potable water distribution system and to construct two (2) new water storage tanks. The Town of

Wayne proposes to finance the project by the following means: Small Cities Block Grant - \$1,250,000; West Virginia Drinking Water Treatment Revolving Loan - \$1,000,000; Rural Utilities Service Grant - \$256,500; Rural Utilities Service Loan - \$1,293,500, totaling \$3,800,000. Staff noted that all of the funding has been committed.

The proposed project, as submitted by the Town, constitutes a comprehensive water system improvements project, including the complete renovation of the existing water treatment facility and the construction of significant additions to this treatment facility. In addition, appreciable portions of the Town's water distribution system will be replaced and two (2) new water storage tanks will be constructed. The proposed treatment facility system upgrade and expansion will enhance an aged and dilapidated treatment facility which was constructed in the early 1970s. The proposed treatment facility will provide the Town and surrounding region with a reliable and safe source of potable water well into the future and, when coupled with the proposed distribution system enhancements, will provide a system capable of delivering water efficiently.

The current estimated construction cost for the proposed project is \$2,809,500 and the estimated total project cost is \$3,800,000, as detailed in the following: Construction Costs - \$2,809,500; Contingency - \$261,000; Land & Rights - \$22,000; Legal & Bond Counsel - \$81,000; Administration - \$47,500; Engineering & Inspection Fees - \$439,000; Interim Financing - \$140,000.

The scope of the proposed project includes improvements to and expansion of the existing water treatment facility to develop a capacity of 900 gallons per minute. This new facility has been designed to operate in parallel with the existing facility, which will be renovated and will remain in-service. Each unit (i.e., "old" and "new") will produce half of the design flow rate of 900 GPM. Assorted improvements to the plant are also included. Improvements to the Town's existing distribution system include the construction of over 20,000 feet of various sizes of line; miscellaneous connections to the existing water system, reconnecting seven existing fire hydrants, existing meters and existing services, as required; and the installation of 76 new valves of various sizes, eleven new fire hydrants and thirteen new blow-offs, fifteen line terminations and caps and various other water system appurtenances. Additionally, two new water storage tanks having capacities of 400,000 gallons and 350,000 gallons, respectively, thereby providing 750,000 gallons of additional treated water storage for the Town, are to be constructed.

Engineering Staff has reviewed the cost estimates associated with construction of this project and is of the opinion that these estimates are within reason, although not as conservative as one may like to find. Staff noted that this project has not yet been bid and, thus, the construction cost may vary, either up or down, depending on the actual amount of the construction bids. Engineering Staff further noted that, since this project consists entirely of internal improvements to an existing system and no new customers are being added as a result of this project, the calculation and evaluation of costs on a "per-customer" basis would serve no useful purpose. Engineering Staff's review of the

project plans and specifications revealed no conflicts with Commission Rules.

The Applicant's consulting engineer has furnished Staff with copies of the various permits and approvals which are required before this project can proceed to construction. Based upon Staff's review of these items and Staff's experience with similar projects, Engineering Staff is of the opinion that this project is sufficiently mature with respect to these permits and approvals to justify the issuance of a certificate.

Based upon projections provided by the Applicant's consulting engineer and accountant, the total annual O&M requirements for this utility will increase to \$519,068 per year after completion of this project. This represents an annual increase of \$20,640 over the going-level O&M expense for the year ended 06/30/02, according to the Tariff Rule 42 Exhibit submitted as part of this filing. This increase is due entirely to the construction of the proposed improvements and includes an estimated increase in electricity costs of \$10,640 per year and an increase of \$10,000 per year in "administrative fees", as a result of fees imposed by one of the lenders (i.e., the State Drinking Water Revolving Loan Program).

Engineering Staff has reviewed the calculations provided in support of the O&M increase and finds them to be conservative, but not unrealistic. Staff further noted that the Tariff Rule 42 Exhibit submitted by the Town's accountant in support of this application is in agreement with the O&M projections prepared by the Applicant's engineer.

Based upon its review of this utility's operating records and projected expenses, Engineering Staff is of the opinion that the Applicant's projections are reasonable and sufficient. Therefore, Engineering Staff recommended that the Applicant's projected level of O&M expenses (\$519,068 per year), as submitted in the Rule 42 Exhibit filed in this case, be accepted.

According to Staff, the existing plant currently treats approximately 491,000 gallons per day, while operating approximately eighteen (18) hours per day. Anytime a small water treatment plant is operating more than about 12 hours per day, the owner should begin planning a capacity upgrade. The plant uses chlorine gas as a disinfectant; Delpac as a coagulant; soda ash to adjust alkalinity and improve coagulation; potassium permanganate to oxidize iron and manganese; powdered activated carbon to control taste and odor problems; caustic soda for pH and alkalinity control; and fluoride for the prevention of tooth decay.

Engineering Staff noted that the plant, which was constructed in the early 1970s, based upon design concepts from the 1960s, uses a conventional treatment process, including a rapid mix chamber, baffled flocculation tank, a single sedimentation basin equipped with tube settlers and two (2) each of conventional anthracite and sand filters. Finished water storage capacity in the system is 450,000 gallons provided in four (4) steel storage tanks and the underground clearwell. Staff noted that this total storage volume is less than a day's supply under normal demand,

whereas customary design practice is to provide at least two days' storage volume at normal demand.

The Town's distribution system consists of approximately 26 miles of various sizes and ages of piping, including significant quantities of old galvanized steel lines and asbestos-cement mains. The age of much of the in-town distribution system exceeds fifty years, with some sections being much older. Due to the advanced age and dilapidated condition of this old piping, the unaccounted water loss in this system have been quite high, despite the best efforts of the water department. The annual average unaccounted- for water losses for the previous three years has ranged from a high of 34.3% in the 1999-2000 fiscal year to a low of 22% in the 2001-2002 fiscal year. Staff noted that the Commission has established an acceptable maximum of 15% for unaccounted-for water losses.

The proposed project provides for the replacement of much of the older piping in the Town and will reduce unaccounted-for water losses and, thus, reduce operating expenses. By way of example, using data from the latest fiscal year, if the Town had been able to reduce the unaccounted-for water losses from 22% to 15%, it would have experienced an operating cost savings of approximately \$34,800, based upon its average production cost of \$2.77 per thousand gallons for that time period.

Based upon the above, and upon information provided in the engineering report supplied by the Town's consulting engineer and the "Sanitary Survey" supplied by the Bureau for Public Health, Engineering Staff is of the opinion that this project is necessary and represents an appropriate solution to the problems being experienced by this water system. Staff noted that this project will mitigate some long-standing problems within the Town's water distribution system. Specifically, this project will serve the utility's customers by reducing chronic leakage problems in much of the Town's existing distribution system, will enhance system reliability via the installation of new lines and will increase the system's capacity to service potential growth areas. The project is also seen as being consistent with the Wayne County Commission's long range plans for providing public water to the unserved areas of Wayne County, as envisioned by the County Commission's "Master Plan 2010" concept.

Since this project involves only internal improvements to an existing distribution system, no alternatives were considered. The consequences of not completing this project would include the inability of the existing treatment facility to consistently provide acceptable quality and quantities of potable water, steadily worsening leakage ("lost water") problems, shortages of water and, ultimately, a loss of service within certain portions of the distribution system. This project will reduce or alleviate each of these potential failures and will provide the area with a reliable source of potable water to support and sustain growth throughout the region for many years into the future. Engineering Staff, therefore, supported the proposed project.

Engineering Staff recommended that the Town of Wayne be granted a certificate of convenience and necessity to construct the project

described herein, contingent upon the Town receiving the necessary permits prior to construction; the Town be required to file with the Commission copies of all outstanding regulatory permits and approvals required by the construction anticipated in this filing, within ten (10) days of the Applicant's receipt of same; the Town provide a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each construction contract to be awarded under this project; and, if there is any change in the plans, scope, terms of financing or any other substantive aspect of this project, the Town immediately request a re-opening of this certificate case for adjustments and approval.

According to Mr. Gollie, the West Virginia Drinking Water Treatment Revolving Loan is a non-interest loan with a 1% administrative fee for a term of thirty (30) years. The annual administrative fee on the loan will be \$5,041. The Rural Utilities Service loan will be for a term of forty (40) years at a 4.5% interest rate, which will require monthly payments of \$5,938, for an annual debt service of \$71,256. The Town is in receipt of the required commitments for all funding sources.

In reviewing the Town's recently filed tariff, which was effective for service rendered on or after June 26, 2003, Staff discovered that a \$3.00 surcharge was erroneously omitted from the tariff now on file with the Commission. Staff also discovered that the leak adjustment language was not in accordance with the standard tariff language. The Staff engineer has calculated a leak adjustment rate of \$0.55 per 1,000 gallons to be applied when necessary. Mr. Gollie prepared a Staff-recommended tariff which includes the \$3.00 surcharge billed each month on every customer's bill. Staff's recommended tariff also includes the standard tariff language used for the leak adjustment and reflects the \$0.55 per 1,000 gallon leak adjustment rate. Staff has also attached a bill analysis for per books, going-level and proposed rates, which are the rates currently in effect. Staff has determined that the Town's current rates are sufficient to provide the revenue required to complete the construction project. Finally, Staff prepared a cash flow statement which reflects that the Town's current rates are sufficient to provide a 134.47% debt service coverage. This percentage of coverage satisfies the coverage required by all lenders.

Since the rates enacted by the Town are more than sufficient to support the project, Financial Staff recommended that the certificate of convenience and necessity be approved.

DISCUSSION

The Administrative Law Judge will grant the certificate application as recommended by Staff. The undersigned notes that the required revised permit from the Bureau of Public Health referenced in the Staff Engineer's Memorandum has been filed. With respect to the two (2) tariff discrepancies, one can be easily remedied. The Town of Wayne will be directed to file a revised tariff which includes the \$3.00 surcharge. It was part of the ordinance enacted by the Town and was inadvertently omitted from the tariff filed with the Public Service Commission. The leak adjustment policy set forth in the Town's ordinance is inconsistent with the leak adjustment language and policy contained in the

Commission's Tariff Rules and Water Rules. The Town of Wayne is advised to correct its leak adjustment policy by ordinance now. The Commission will insist that the Town's policy comply with the Commission's requirements. In any complaint proceeding, the Commission will use its policy, not the language included in the Town's ordinance.

FINDINGS OF FACT

1. On June 6, 2003, Wayne Municipal Water Department filed an application, duly verified, for a certificate to construct new water storage tanks, to replace deteriorated water lines and to upgrade the water treatment plant. (See, application).

2. Wayne estimated that construction will cost approximately \$3,800,000. It proposed that the project be financed as follows: a Small Cities Block Grant in the amount of \$1,250,000; a Rural Utilities Service Grant in the amount of \$256,500; a Rural Utilities Service Loan in the amount of \$1,293,500, at an interest rate not to exceed 4.5%, for a term not to exceed thirty-eight (38) years; and a Drinking Water Treatment Revolving Loan in the amount of \$1,000,000, with a 1% administrative fee for a term of 30 years. (See, application; Utilities Division Final Recommendation filed November 3, 2003).

3. By Order entered on June 26, 2003, Wayne was directed to give notice of its application. (See, Order entered on June 26, 2003).

4. Wayne published the notice of filing on July 17, 2003. The thirty-day protest period expired on August 18, 2003, with no protests having been filed. (See, affidavit of publication filed August 27, 2003).

5. Wayne filed a revised permit from the State of West Virginia Office of Environmental Health Services for this project. This permit is accepted as evidence that the project conforms to the agency's regulations and standards. (See, permit filed October 31, 2003).

6. The proposed project provides for the replacement of much of the older piping in the Town and will reduce unaccounted-for water losses and, thus, reduce operating expenses. Engineering Staff is of the opinion that this project is necessary and represents an appropriate solution to the problems being experienced by this water system. Staff noted that this project will mitigate some long-standing problems within the Town's water distribution system. Specifically, this project will serve the utility's customers by reducing chronic leakage problems in much of the Town's existing distribution system, will enhance system reliability via the installation of new lines and will increase the system's capacity to serve potential growth areas. This project is also consistent with the Wayne County Commission's long range plans for providing public water to the unserved areas of Wayne County. (See, Final Joint Staff Memorandum filed November 3, 2003, with attachments).

7. Staff is of the opinion that the project is in the public interest, adequately designed and funded and should be approved, as recommended by Commission Staff, along with the proposed financing. (See, Final Joint Staff Memorandum filed November 3, 2003).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed project will provide adequate service.
3. The proposed project is adequately financed and economically feasible.
4. Good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11, since no protests have been received to the project.
5. The issuance of a certificate of convenience and necessity shall be valid for the project, as approved herein.
6. Any changes in the scope of this project and/or funding after the granting of the certificate shall require further approval from the Public Service Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Wayne Municipal Water Department, for a water system improvement project which will provide improved service to approximately 2,088 customers, residing both within the Town and the surrounding areas of Wayne County, all as set forth in the application filed herein on June 6, 2003.

IT IS FURTHER ORDERED that the proposed financing for this project, consisting of a Small Cities Block Grant in the amount of \$1,250,000; a Rural Utilities Service Grant in the amount of \$256,500; a Rural Utilities Service Loan in the amount of \$1,293,500, at an interest rate not to exceed 4.5%, for a term not to exceed thirty-eight (38) years; and a Drinking Water Treatment Revolving Loan in the amount of \$1,000,000, with a 1% administrative fee for a term of thirty (30) years, is hereby approved.

IT IS FURTHER ORDERED that Wayne Municipal Water Department file a notice of the actual in-service date of the project within ten (10) days from the date that the project becomes operational.

IT IS FURTHER ORDERED that, if there are any changes to the cost, scope, financing or design of the project as certificated herein, the Wayne Municipal Water Department shall petition the Commission for approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that the Town of Wayne file a corrected tariff, within thirty (30) days of the date that this Order becomes final, including the \$3.00 per customer per month surcharge which was inadvertently omitted from its tariff on file with the Commission. Additionally, the Town should immediately commence the ordinance process to bring its leak adjustment language and policy into compliance with Commission policy.

IT IS FURTHER ORDERED that formal hearing in this matter be weighed pursuant to West Virginia Code §24-2-11, for the reason that no protests were received after publication and therein remains no outstanding issues to be litigated.

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 of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

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


Miles C. Cary
Administrative Law Judge

MCC:pst
030975aa.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:

Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

May 7, 2003

The Honorable James Ramey, Jr.
Mayor, Town of Wayne
P.O. Box 186
Wayne, West Virginia 25570

Re: Town of Wayne
Water Project 96W-192

Dear Mayor Ramey:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Town of Wayne's (the "Town") revised preliminary application regarding its proposed project to upgrade the Town's water treatment plant and replace a large portion of the existing water distribution lines (the "Project").

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

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the Town utilize a \$1,250,000 Small Cities Block Grant, a \$1,000,000 Drinking Water Treatment Revolving Fund loan, a \$256,500 Rural Utility Service grant and a \$1,293,500 Rural Utility Service loan to fund this \$3,800,000 project. Please contact the WV Development Office at 558-4010 and the Rural Utilities Service office at 420-6666 for specific information on the steps the Town needs to follow to finalize the commitments for these funds. Please note that this letter does not constitute funding approval from these agencies.

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

Sincerely,


Russell L. Isaacs

Enclosure

cc: Walt Ivey, BPH (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Virginia McDonald, RUS
Region II Planning & Development Council
Woolpert LLP

West Virginia Infrastructure & Jobs Development Council

Public Members:

Mark Prince, Chairman
Hurricane
Dwight Calhoun, Vice Chairman
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

July 7, 2004

The Honorable James Ramey, III
Mayor, Town of Wayne
P.O. Box 186
Wayne, West Virginia 25570

Re: Town of Wayne
Water Project 96W-192
Bid Overrun

Dear Mayor Ramey:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Town of Wayne's (the "Town") revised preliminary application regarding its proposed project to upgrade the Town's water treatment plant and replace a large portion of the existing water distribution lines (the "Project").

Upon consideration of the revised preliminary application, the Infrastructure Council determined the Town should utilize a \$1,250,000 Small Cities Block Grant, a \$1,000,000 Drinking Water Treatment Revolving Fund (DWTRF) loan, a \$1,293,500 Rural Utilities Service loan, a \$256,500 Rural Utilities Service grant and pursue an additional \$925,000 DWTRF loan to fund this \$4,725,000 project. Please contact the Bureau for Public Health office at 558-6715 for specific information on the steps the Town needs to follow to apply for these additional funds. **Please note that this letter does not constitute funding approval from this agency.**

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

Sincerely,



Mark Prince

cc: Walt Ivey, BPH (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Virginia McDonald, RUS
Region II Planning & Development Council
Steve Cole, Woolpert LLP

TOWN OF WAYNE

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture)

RECEIPT FOR SERIES 2004 A BONDS

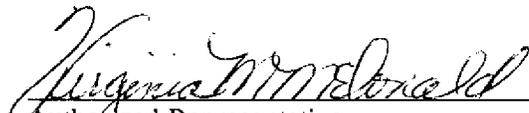
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 21st day of October, 2004, at Charleston, West Virginia, the undersigned received for the Purchaser the Town of Wayne Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), No. AR-1 (the "Series 2004 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$1,293,500, dated the date hereof, bearing interest at the rate of 4.50% per annum, payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Series 2004 A Bonds had been executed and sealed by the designated officials of the Town of Wayne (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$24,000, being a portion of the principal amount of the Series 2004 A Bonds. The balance of the principal amount of the Series 2004 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 21st day of October, 2004.



Authorized Representative

10/12/04
946610.00001

TOWN OF WAYNE

Water Revenue Bonds,
Series 2004 B (West Virginia DWTRF Program)

CROSS-RECEIPT FOR SERIES 2004 B BONDS AND BOND PROCEEDS

On this 21st day of October, 2004, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Wayne (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

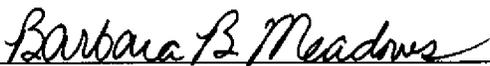
1. On the date hereof, the Authority received the Town of Wayne Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), issued in the principal amount of \$1,925,000, as a single, fully registered Bond, numbered BR-1 and dated October 21, 2004 (the "Series 2004 B Bonds").

2. At the time of such receipt of the Series 2004 B Bonds upon original issuance, the Series 2004 B Bonds had been executed by the Mayor and the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2004 B Bonds.

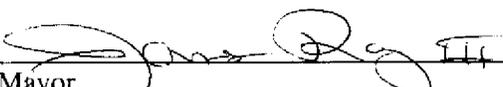
3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2004 B Bonds, of \$48,125, being a portion of the principal amount of the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 B Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

TOWN OF WAYNE


Mayor

10/12/04
946610.00001

TOWN OF WAYNE

Water Revenue Bonds,
Series 2004 B (West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2004 B BONDS

The Huntington National Bank, as
Bond Registrar for the Series 2004 B Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 21st day of October, 2004:

(1) Bond No. BR-1, constituting the entire original issue of the Town of Wayne Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), in the principal amount of \$1,925,000, dated October 21, 2004 (the "Series 2004 B Bonds"), executed by the Mayor and Recorder of the Town of Wayne (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on August 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on October 18, 2004 (collectively, the "Bond Legislation");

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

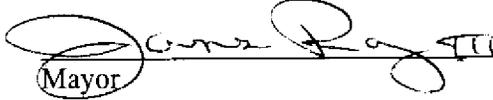
(3) Executed counterparts of the loan agreement dated October 21, 2004 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2004 B Bonds.

You are hereby requested and authorized to deliver the Series 2004 B Bonds to the Authority upon payment to the Issuer of the sum of \$48,125, representing a portion of the principal amount of the Series 2004 B Bonds. Prior to such delivery of the Series 2004 B Bonds, you will please cause the Series 2004 B Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2004 B Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

TOWN OF WAYNE


Mayor

10/12/04
946610.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF WAYNE
WATER REVENUE BOND, SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$1,293,500

FOR VALUE RECEIVED, on this the 21st day of October, 2004, the TOWN OF WAYNE (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION TWO HUNDRED NINETY-THREE THOUSAND FIVE HUNDRED DOLLARS (\$1,293,500), plus interest on the unpaid principal balance at the rate of 4.50% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$5,938, 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.

SPECIMEN

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of extensions, additions, betterments and improvements to the existing public waterworks system of the Borrower (the "System") is payable solely from the gross revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute a corporate indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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

SPECIMEN

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 August 16, 2004, and a Supplemental Resolution of the Borrower duly adopted on October 18, 2004, 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 WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), DATED OCTOBER 21, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,925,000.

IN WITNESS WHEREOF, the TOWN OF WAYNE 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 WAYNE

[CORPORATE SEAL]

Mayor

ATTEST:

Recorder

SPECIMEN

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$24,000	October 21, 2004	(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 \$ _____

SPECIMEN

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In presence of:

10/12/04
946610.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF WAYNE
WATER REVENUE BOND, SERIES 2004 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1

\$1,925,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF WAYNE, a municipal corporation and political subdivision of the State of West Virginia in Wayne County of said State (the "Issuer"), on this the 21st day of October, 2004, for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,925,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2006, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated October 21, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project") and (ii) to pay certain costs of issuance

SPECIMEN

of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments or improvements thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on August 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on October 18, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 21, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,293,500 (THE "SERIES 2004 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2004 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2004 A Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding

SPECIMEN

on a parity with the Bonds, including the Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the TOWN OF WAYNE has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first above written.

[SEAL]



Mayor

ATTEST:



Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: October 21, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

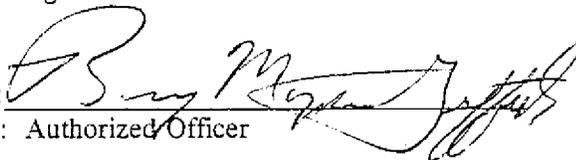
By: 
Its: Authorized Officer

EXHIBIT A
SPECIMEN
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 48,125	October 21, 2004	(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		\$	<u> </u>

EXHIBIT B

\$1,925,000

Town of Wayne

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: October 21, 2004

Debt Service Schedule

Part 1 of 4

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Total P+I</u>
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	16,041.67	-	16,041.67
06/01/2006	16,041.67	-	16,041.67
09/01/2006	16,041.67	-	16,041.67
12/01/2006	16,041.67	-	16,041.67
03/01/2007	16,041.67	-	16,041.67
06/01/2007	16,041.67	-	16,041.67
09/01/2007	16,041.67	-	16,041.67
12/01/2007	16,041.67	-	16,041.67
03/01/2008	16,041.67	-	16,041.67
06/01/2008	16,041.67	-	16,041.67
09/01/2008	16,041.67	-	16,041.67
12/01/2008	16,041.67	-	16,041.67
03/01/2009	16,041.67	-	16,041.67
06/01/2009	16,041.67	-	16,041.67
09/01/2009	16,041.67	-	16,041.67
12/01/2009	16,041.67	-	16,041.67
03/01/2010	16,041.67	-	16,041.67
06/01/2010	16,041.67	-	16,041.67
09/01/2010	16,041.67	-	16,041.67
12/01/2010	16,041.67	-	16,041.67
03/01/2011	16,041.67	-	16,041.67
06/01/2011	16,041.67	-	16,041.67
09/01/2011	16,041.67	-	16,041.67
12/01/2011	16,041.67	-	16,041.67
03/01/2012	16,041.67	-	16,041.67
06/01/2012	16,041.67	-	16,041.67
09/01/2012	16,041.67	-	16,041.67
12/01/2012	16,041.67	-	16,041.67
03/01/2013	16,041.67	-	16,041.67
06/01/2013	16,041.67	-	16,041.67
09/01/2013	16,041.67	-	16,041.67
12/01/2013	16,041.67	-	16,041.67
03/01/2014	16,041.67	-	16,041.67
06/01/2014	16,041.67	-	16,041.67
09/01/2014	16,041.67	-	16,041.67
12/01/2014	16,041.67	-	16,041.67
03/01/2015	16,041.67	-	16,041.67
06/01/2015	16,041.67	-	16,041.67
09/01/2015	16,041.67	-	16,041.67

Date	Principal	Coupon	Total P+I
12/01/2015	16,041.67	-	16,041.67
03/01/2016	16,041.67	-	16,041.67
06/01/2016	16,041.67	-	16,041.67
09/01/2016	16,041.67	-	16,041.67
12/01/2016	16,041.67	-	16,041.67
03/01/2017	16,041.67	-	16,041.67
06/01/2017	16,041.67	-	16,041.67
09/01/2017	16,041.67	-	16,041.67
12/01/2017	16,041.67	-	16,041.67
03/01/2018	16,041.67	-	16,041.67
06/01/2018	16,041.67	-	16,041.67
09/01/2018	16,041.67	-	16,041.67
12/01/2018	16,041.67	-	16,041.67
03/01/2019	16,041.67	-	16,041.67
06/01/2019	16,041.67	-	16,041.67
09/01/2019	16,041.67	-	16,041.67
12/01/2019	16,041.67	-	16,041.67
03/01/2020	16,041.67	-	16,041.67
06/01/2020	16,041.67	-	16,041.67
09/01/2020	16,041.67	-	16,041.67
12/01/2020	16,041.67	-	16,041.67
03/01/2021	16,041.67	-	16,041.67
06/01/2021	16,041.67	-	16,041.67
09/01/2021	16,041.67	-	16,041.67
12/01/2021	16,041.67	-	16,041.67
03/01/2022	16,041.67	-	16,041.67
06/01/2022	16,041.67	-	16,041.67
09/01/2022	16,041.67	-	16,041.67
12/01/2022	16,041.67	-	16,041.67
03/01/2023	16,041.67	-	16,041.67
06/01/2023	16,041.67	-	16,041.67
09/01/2023	16,041.67	-	16,041.67
12/01/2023	16,041.67	-	16,041.67
03/01/2024	16,041.67	-	16,041.67
06/01/2024	16,041.67	-	16,041.67
09/01/2024	16,041.67	-	16,041.67
12/01/2024	16,041.67	-	16,041.67
03/01/2025	16,041.67	-	16,041.67
06/01/2025	16,041.67	-	16,041.67
09/01/2025	16,041.67	-	16,041.67
12/01/2025	16,041.67	-	16,041.67
03/01/2026	16,041.66	-	16,041.66
06/01/2026	16,041.66	-	16,041.66
09/01/2026	16,041.66	-	16,041.66

Date	Principal	Coupon	Total P+I
12/01/2026	16,041.66	-	16,041.66
03/01/2027	16,041.66	-	16,041.66
06/01/2027	16,041.66	-	16,041.66
09/01/2027	16,041.66	-	16,041.66
12/01/2027	16,041.66	-	16,041.66
03/01/2028	16,041.66	-	16,041.66
06/01/2028	16,041.66	-	16,041.66
09/01/2028	16,041.66	-	16,041.66
12/01/2028	16,041.66	-	16,041.66
03/01/2029	16,041.66	-	16,041.66
06/01/2029	16,041.66	-	16,041.66
09/01/2029	16,041.66	-	16,041.66
12/01/2029	16,041.66	-	16,041.66
03/01/2030	16,041.66	-	16,041.66
06/01/2030	16,041.66	-	16,041.66
09/01/2030	16,041.66	-	16,041.66
12/01/2030	16,041.66	-	16,041.66
03/01/2031	16,041.66	-	16,041.66
06/01/2031	16,041.66	-	16,041.66
09/01/2031	16,041.66	-	16,041.66
12/01/2031	16,041.66	-	16,041.66
03/01/2032	16,041.66	-	16,041.66
06/01/2032	16,041.66	-	16,041.66
09/01/2032	16,041.66	-	16,041.66
12/01/2032	16,041.66	-	16,041.66
03/01/2033	16,041.66	-	16,041.66
06/01/2033	16,041.66	-	16,041.66
09/01/2033	16,041.66	-	16,041.66
12/01/2033	16,041.66	-	16,041.66
03/01/2034	16,041.66	-	16,041.66
06/01/2034	16,041.66	-	16,041.66
09/01/2034	16,041.66	-	16,041.66
12/01/2034	16,041.66	-	16,041.66
03/01/2035	16,041.66	-	16,041.66
06/01/2035	16,041.66	-	16,041.66
09/01/2035	16,041.66	-	16,041.66
12/01/2035	16,041.66	-	16,041.66
Total	\$1,925,000.00	-	\$1,925,000.00

*Plus \$2,426.31 one-percent administrative fee paid quarterly. Total fee over life of loan is \$291,157.20.

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

10/12/04
946610.00001

October 21, 2004

Town of Wayne
Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

Town of Wayne
Wayne, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Wayne in Wayne County, West Virginia (the "Issuer"), of its \$1,293,500 Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on August 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on October 18, 2004 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of 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 municipal corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Bond Legislation has been duly and effectively 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 2004 B (West Virginia DWTRF Program), issued concurrently herewith, and subject to no other prior lien granted under the Act.

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

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

October 21, 2004

Town of Wayne
Water Revenue Bonds, Series 2004 B
(West Virginia DWTRF Program)

Town of Wayne
Wayne, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Wayne (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$1,925,000 Water Revenue Bonds, Series 2004B (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated October 21, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2006, and maturing December 1, 2035, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the Administrative Fee equal to 1% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extension, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on August 16, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 18, 2004 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated October 21, 2004, issued concurrently herewith in the original aggregate principal amount of \$1,293,500, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

FRAZIER & OXLEY, L.C.

THE ST. JAMES MEZZANINE
401 TENTH STREET
HUNTINGTON, WEST VIRGINIA 25727-2808

WILLIAM M. FRAZIER
LEON K. OXLEY
W. MICHAEL FRAZIER

POST OFFICE BOX 2808
TELEPHONE (304) 697-4370
FAX (304) 525-8858

October 21, 2004

Town of Wayne
Post Office Box 186
Wayne, West Virginia 25570

West Virginia Bureau for Public Health
Office of Environmental Health Services
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson, PLLC
Charleston, West Virginia

Re: Final Title Opinion for Town of Wayne

Ladies and Gentlemen:

We are counsel to the Town of Wayne (the "Issuer") in connection with a proposed project to construct and upgrade the Town water system (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Bureau For Public Health (the "BPH") for the Project. Please be advised of the following:

1. We are of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the BPH.
2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.
3. We have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Woolpert Engineering, the consulting engineers for the Project.
4. We have examined the records on file in the Office of the Clerk of the County

Town of Wayne
West Virginia Bureau for Public Health
West Virginia Water Development Authority
Steptoe & Johnson PLLC
October 21, 2004
Page 2

Commission of Wayne County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Wayne County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the following pending litigation:

Name	Tax Map	Parcel
Gary Brian Eves, et ux	3	Part of Parcel 16

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Wayne County to protect the legal title to and interest of the Issuer.

Very truly yours,

FRAZIER & OXLEY, L. C.



W. Michael Frazier

WMF/ss

FRAZIER & OXLEY, L.C.

THE ST. JAMES MEZZANINE
401 TENTH STREET
HUNTINGTON, WEST VIRGINIA 25727-2808

WILLIAM M. FRAZIER
LEON K. OXLEY
W. MICHAEL FRAZIER

POST OFFICE BOX 2808
TELEPHONE (304) 697-4370
FAX (304) 525-8858

October 21, 2004

Town of Wayne
Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

Town of Wayne
Wayne, West Virginia

United States Department
of Agriculture
Morgantown, West Virginia

Step toe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Wayne, a municipal corporation, in Wayne County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Step toe & Johnson PLLC, as bond counsel, a Bond Ordinance duly enacted by the Issuer on August 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on September 13, 2004 (collectively, the "Bond Legislation"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia.
2. The Mayor, Recorder and members of 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.

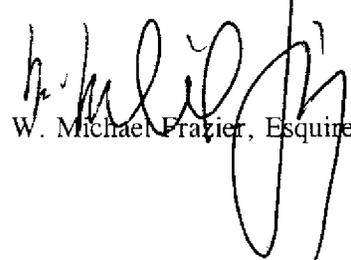
5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from the West Virginia Infrastructure and Jobs Development Council and 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 appeal.

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

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

Sincerely,

FRAZIER & OXLEY, L. C.



W. Michael Frazier, Esquire

WMF/ss

FRAZIER & OXLEY, L.C.

THE ST. JAMES MEZZANINE

401 TENTH STREET

HUNTINGTON, WEST VIRGINIA 25727-2808

POST OFFICE BOX 2808
TELEPHONE (304) 697-4370
FAX (304) 525-8858

WILLIAM M. FRAZIER
LEON K. OXLEY
W. MICHAEL FRAZIER

October 21, 2004

Town of Wayne
Water Revenue Bonds, Series 2004 B
(West Virginia DWTRF Program)

Town of Wayne
Wayne, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Wayne, a municipal corporation, in Wayne County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2004 B Bonds dated September 17, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), the Bond Ordinance duly enacted by the Issuer on August 16, 2004, as supplemented by the Supplemental Resolution duly adopted by the Issuer on September 13, 2004 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.
3. The Mayor, Recorder and members of the council of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council, the BPH and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Orders of the Public Service Commission of West Virginia entered on November 19, 2003 and October 7, 2004, in Case No. 03-0975-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order dated November 19, 2003, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the October 7, 2004 Order has not expired prior to the date hereof. However, the Issuer has certified that it does not intend to appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Both Orders remain in full force and effect.

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

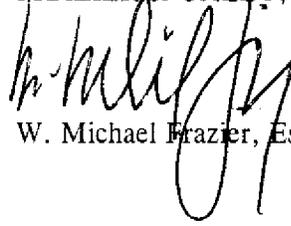
8. I have verified that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

Town of Wayne, et al.
Page 3

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

Sincerely,

FRAZIER & OXLEY, L. C.

A handwritten signature in black ink, appearing to read "W. Michael Frazier", is written over the printed name.

W. Michael Frazier, Esquire

WMF/ss

FRAZIER & OXLEY, L.C.

THE ST. JAMES MEZZANINE
401 TENTH STREET
HUNTINGTON, WEST VIRGINIA 25727-2808

WILLIAM M. FRAZIER
LEON K. OXLEY
W. MICHAEL FRAZIER

POST OFFICE BOX 2808
TELEPHONE (304) 697-4370
FAX (304) 525-8858

October 21, 2004

Town of Wayne
Post Office Box 186
Wayne, West Virginia 25570

West Virginia Bureau for Public Health
Office of Environmental Health Services
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson, PLLC
Charleston, West Virginia

Re: Final Title Opinion for Town of Wayne

Ladies and Gentlemen:

We are counsel to the Town of Wayne (the "Issuer") in connection with a proposed project to construct and upgrade the Town water system (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Bureau For Public Health (the "BPH") for the Project. Please be advised of the following:

1. We are of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the BPH.
2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.
3. We have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Woolpert Engineering, the consulting engineers for the Project.
4. We have examined the records on file in the Office of the Clerk of the County

Town of Wayne
West Virginia Bureau for Public Health
West Virginia Water Development Authority
Steptoe & Johnson PLLC
October 21, 2004
Page 2

Commission of Wayne County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

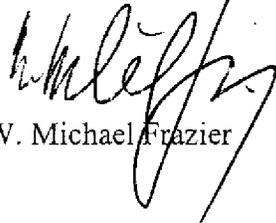
5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Wayne County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the following pending litigation:

Name	Tax Map	Parcel
Gary Brian Eves, et ux	3	Part of Parcel 16

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Wayne County to protect the legal title to and interest of the Issuer.

Very truly yours,

FRAZIER & OXLEY, L. C.


W. Michael Frazier

WMF/ss

TOWN OF WAYNE

Water Revenue Bonds,
Series 2004 A (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. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. RATES
16. GRANTS
17. CONFLICT OF INTEREST
18. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Wayne, in Wayne County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Town of Wayne Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$1,293,500 (the "Series 2004 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BOND: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2004 A Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated February 16, 2000, as amended on April 8, 2003, and as appears in the Ordinance of the Issuer duly enacted on August 16, 2004, and the Supplemental Resolution duly adopted on October 18, 2004, authorizing issuance of the Series 2004 A Bonds

(collectively, the "Ordinance" or "Bond Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Ordinance when used herein. The Series 2004 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2004 A Bonds or receipt of any grant moneys, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2004 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2004 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or the Council of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the proposed upgrading and expanding of the Issuer's existing water treatment plant and the proposed replacement of portions of the existing water distribution lines of the Issuer (the "Project"), a portion of the cost of which is being financed out of the proceeds of sale of the Series 2004 A 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 Series 2004 A 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 Official West Virginia Code of 1931, as amended.

The Issuer has received the Orders of the Public Service Commission of West Virginia entered on November 19, 2003 and October 7, 2004, in Case No. 03-0975-W-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 entered November 19, 2003 has expired prior to the date hereof without any appeal. The time for appeal of the October 7, 2004 Order has not expired prior to the date hereof. However, the Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Both Orders are in full force and effect.

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

Other than the Series 2004 B Bonds issued simultaneously herewith, there are no outstanding bonds or obligations of the Issuer which will be paid from revenues of the System. The Series 2004 A Bonds and the Series 2004 B Bonds shall be issued on a parity with each other with respect to liens, pledge and source of and security for payment.

5. **SIGNATURES, ETC.:** The undersigned Mayor and Recorder did, for the Issuer on the date hereof, officially execute and seal the Series 2004 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2004 A Bonds for the Issuer.

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

Bond Ordinance

Supplemental Resolution

USDA Letter of Conditions, with all amendments

Loan Agreement for Series 2004 B Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter

Oaths of Office of Council members and Officers

Water Rate Ordinance

Affidavit of Publication of Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Rate Ordinance

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

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

Office of Environmental Health Services Permit

United States Department of Agriculture Grant Agreement

Evidence of Small Cities Block Grant

Evidence of Insurance

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

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
James Ramey, III	- Mayor	06/01/03	05/31/05
Robert E. Scott	- Recorder	06/01/03	05/31/05
Martha Fry	- Councilmember	06/01/03	05/31/05
Danny Grace	- Councilmember	06/01/03	05/31/05
Lucille Prichard	- Councilmember	06/01/03	05/31/05
Roy Ramey, Jr.	- Councilmember	06/01/03	05/31/05
Jon Reed	- Councilmember	03/08/04	05/31/05

The duly appointed and acting City Manager is David Ramey. The duly appointed and acting Counsel for the Issuer is W. Michael Frazier, Huntington, West Virginia.

8. **DELIVERY AND PAYMENT AND USE OF PROCEEDS:** On the date hereof, the Series 2004 A Bonds were delivered to the Purchaser at Wayne, West Virginia,

by the undersigned Mayor for the purposes set forth herein, and at the time of such delivery, the Series 2004 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Ordinance.

At the time of delivery of the Series 2004 A Bonds, the undersigned Mayor received \$24,000, being a portion of the principal amount of the Series 2004 A Bonds. Further advances of the balance of the principal amount of the Series 2004 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2004 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.50% per annum is payable from the date of each respective advance.

The Series 2004 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2004 A Bonds.

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

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

12. CONNECTIONS, ETC.: The Issuer has provided evidence that there will be at least 1900 bona fide users to be served by the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *Wayne County News*, a newspaper published in the Town of Wayne, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2004 A Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 16th day of August, 2004, at 6:00 p.m., at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

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

16. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of \$256,500, and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$1,250,000 are committed and in full force and effect.

17. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2004 A Bonds, the Bond Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Ordinance. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

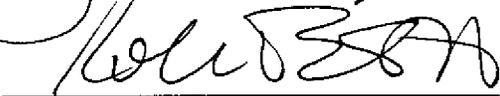
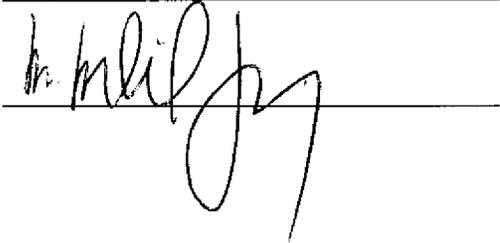
18. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official corporate seal of the TOWN OF WAYNE on this 21st day of October, 2004.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

Attorney for Issuer

10/14/04
946610.00001

TOWN OF WAYNE

Water Revenue Bonds,
Series 2004 B (West Virginia DWTRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and RECORDER of the Town of Wayne in Wayne County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated the date hereof (the "Series 2004 B Bonds" or the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted August 16, 2004, and the Supplemental Resolution duly adopted October 18, 2004 (collectively, the "Bond Legislation").

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

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

Other than the Series 2004 A Bonds issued concurrently herewith, there are no outstanding bonds or obligations of the Issuer which are secured by revenues of the System. The Series 2004 A Bonds and the Series 2004 B Bonds are issued on a parity with each other with respect to liens, pledge and source of and security for payment.

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

Bond Ordinance

Supplemental Resolution

USDA Letter of Conditions, with all amendments

Loan Agreement for Series 2004 B Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter

Oaths of Office of Councilmembers and Officers

Water Rate Ordinance

Affidavit of Publication of Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Rate Ordinance

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

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

Office of Environmental Health Services Permit

United States Department of Agriculture Grant Agreement

Evidence of Small Cities Block Grant

Evidence of Insurance

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

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
James Ramey, III	- Mayor	06/01/03	05/31/05
Robert E. Scott	- Recorder	06/01/03	05/31/05
Martha Fry	- Councilmember	06/01/03	05/31/05
Danny Grace	- Councilmember	06/01/03	05/31/05
Lucille Prichard	- Councilmember	06/01/03	05/31/05
Roy Ramey, Jr.	- Councilmember	06/01/03	05/31/05
Jon Reed	- Councilmember	03/08/04	05/31/05

The duly appointed and acting City Manager is David Ramey. The duly appointed and acting Counsel for the Issuer is W. Michael Frazier, Huntington, West Virginia.

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

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

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

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

11. RATES: The Issuer has duly enacted a water rate ordinance on July 26, 2004, setting rates and charges for the services of the System. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal, and such rates are currently effective.

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

13. BOND PROCEEDS: On the date hereof, the Issuer received \$48,125 from the Authority and the BPH, being a portion of the principal amount of the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *Wayne County News*, a newspaper published in the Town of Wayne, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 16th day of August, 2004, at 6:00 p.m., at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and

suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Orders of the Public Service Commission of West Virginia entered on November 19, 2003 and October 7, 2004, in Case No. 03-0975-W-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order dated November 19, 2003, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the October 7, 2004 Order has not expired prior to the date hereof. However, the Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Both Orders are in full force and effect.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

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

18. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of \$256,500, and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$1,250,000 are committed and in full force and effect.

19. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of engineering services of the Consulting Engineer.

20. SAFE DRINKING WATER ACT: The Project as described in the Bond Ordinance complies with the Safe Drinking Water Act.

21. 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.

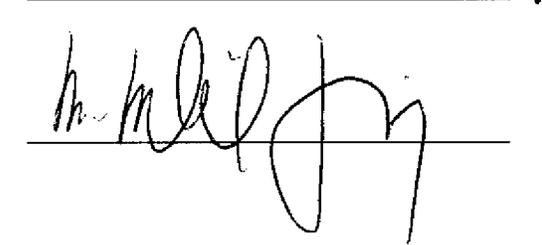
WITNESS our signatures and the official seal of the TOWN OF WAYNE on this 21st day of October, 2004.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE





Mayor

Recorder

Counsel to the Issuer

10/14/04
946610.00001

TOWN OF WAYNE

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture) and
Series 2004 B (West Virginia DWTRF Program)

CERTIFICATE OF ENGINEER

I, Steven D. Cole, Registered Professional Engineer, West Virginia License No. 10436, of Woolpert LLP, Ashland, Kentucky, hereby certify as follows:

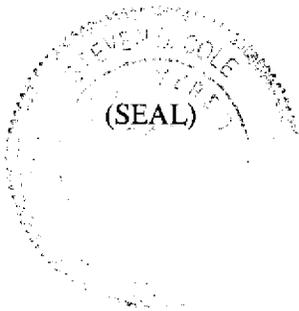
1. My firm is engineer for the acquisition and construction of certain extension, additions, betterments and improvements (the "Project") to the existing public waterworks system (the "System") of the Town of Wayne (the "Issuer") to be constructed primarily in Wayne County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance adopted by the Issuer on August 16, 2004, as supplemented by the Supplemental Resolution adopted by the Issuer on October 18, 2004, the Letter of Conditions of the Rural Utilities Service (the "RUS") for the Series 2004 A Bonds, dated February 16, 2000, as amended (the "Letter of Conditions"), and the Loan Agreement for the Series 2004 B Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), dated October 21, 2004 (the "Loan Agreement").

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

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

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

WITNESS my signature and seal on this 21st day of October, 2004.



WOOLPERT LLP

A handwritten signature in black ink, appearing to read "S. Cole", written over a horizontal line.

Steven D. Cole, P.E.

West Virginia License No. 10436

10/12/04
946610.00001

TOWN OF WAYNE

SCHEDULE B - Water System Improvement Project

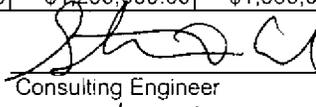
Final Total Cost of Project, Sources of Funding and Cost of Financing

Based on Bids Received on June 22, 2004

and Contract 2 Contract Price Increase

	Total	DWTRF	SCBG	RUS	Other
A. Cost of Project					
1. Construction					
a. Contract No. 1	\$1,070,050.00	\$0.00	\$458,240.00	\$611,810.00	\$0.00
b. Contract No. 2	\$2,284,000.00	\$1,917,500.00	\$0.00	\$366,500.00	\$0.00
c. Contract No. 3	\$497,600.00	\$0.00	\$200,000.00	\$297,600.00	\$0.00
2. Engineering Fee					
a. Design	\$400,000.00	\$0.00	\$400,000.00	\$0.00	\$0.00
b. Inspection	\$87,000.00	\$0.00	\$87,000.00	\$0.00	\$0.00
c. Special Services	\$26,060.00	\$0.00	\$26,060.00	\$0.00	\$0.00
3. Legal	\$18,000.00	\$0.00	\$0.00	\$18,000.00	\$0.00
4. Administration	\$50,000.00	\$0.00	\$50,000.00	\$0.00	\$0.00
5. Sites and Other Lands	\$30,000.00	\$0.00	\$28,000.00	\$2,000.00	\$0.00
6. Permits	\$700.00	\$0.00	\$700.00	\$0.00	\$0.00
7. Contingency	\$181,150.00	\$0.00	\$0.00	\$181,150.00	\$0.00
8. Total of Lines 1 through 7	\$4,644,560.00	\$1,917,500.00	\$1,250,000.00	\$1,477,060.00	\$0.00
B. Cost of Financing					
8. Other Cost					
a. Bond Counsel	\$17,000.00	\$7,000.00	\$0.00	\$10,000.00	\$0.00
b. Accountant	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
c. Registrar	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00
d. Interest	\$62,940.00	\$0.00	\$0.00	\$62,940.00	\$0.00
9. Total Cost of Financing	\$80,440.00	\$7,500.00	\$0.00	\$72,940.00	\$0.00
Total Project Budget	\$4,725,000.00	\$1,925,000.00	\$1,250,000.00	\$1,550,000.00	\$0.00


 Governmental Agency


 Consulting Engineer

10/19/04
 Date:

10/19/04
 Date:

Carter & Company

ACCOUNTING CORPORATION

537 SIXTH AVENUE

HUNTINGTON, WV 25701

carterandcompanyac.com

LUCIAN R. CARTER, P A
ROBERT M. DAVIDSON CPA MBA
CARL E. BLACK
DALLAS RAMEY EA

TELEPHONE
(304) 529-7156
FACSIMILE
(304) 529-1062

October 21, 2004

Town of Wayne
Water Revenue Bonds,
Series 2004 A (United State Department of Agriculture) and
Series 2004 B (West Virginia DWTRF Program)

Town of Wayne
Wayne, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the water rate ordinance of the Town of Wayne (the "Issuer"), enacted July 26, 2004, and projected operating expenses and anticipated customer usage as furnished to us by Woolpert Consultants, Consulting Engineer, it is our opinion that such rates and charges will be sufficient, together with other revenues of the waterworks system of the Issuer (the "System"), (i) to provide for all operating expenses of the System and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2004 A (United State Department of Agriculture) and Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program).

Sincerely,



Carter & Company
ACCOUNTING CORPORATION

TOWN OF WAYNE

Water Revenue Bonds, Series 2004 B
(West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Wayne in Wayne County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,925,000 Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated October 21, 2004 (the "Series 2004 B Bonds" or the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly adopted by the Issuer on August 16, 2004 (the "Bond Ordinance"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on October 21, 2004, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Series 2004 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2004 B Bonds were sold on October 21, 2004, to the Authority, pursuant to a loan agreement dated October 21, 2004, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of \$1,925,000 (100% of par), at which time, the Issuer received \$48,125 from the Authority and the BPH, being the first advance of the principal amount of the Series 2004 B Bonds. No accrued interest has been or will be paid on the Series 2004 B Bonds. The balance of the principal

amount of the Series 2004 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2004 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project") and (ii) paying certain costs of issuance of the Bonds and related costs. On the date hereof, the Issuer simultaneously issued its Water Revenue Bonds, Series 2004 A-(United States Department of Agriculture), dated October 21, 2004, in the principal amount of \$1,293,500 (the "Series 2004 A Bonds"), to pay a portion of the costs of the Project.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Series 2004 B Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before December 1, 2005. The acquisition and construction of the Project is expected to be completed by September 1, 2005.

8. The total cost of the Project is estimated at \$4,725,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2004 A Bonds	\$ 1,293,500
Proceeds of the Series 2004 B Bonds	\$ 1,925,000
Small Cities Block Grant	\$ 1,250,000
United States Department of Agriculture Grant	<u>\$ 256,500</u>
Total Sources	<u>\$ 4,725,000</u>

USES

Costs of Acquisition and Construction of the Project	\$4,707,500
Costs of Issuance	<u>\$ 17,500</u>
Total Uses	<u>\$4,725,000</u>

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2004 B Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2004 Bonds Construction Trust Fund;
- (4) Series 2004 B Bonds Sinking Fund; and
- (5) Series 2004 B Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Series 2004 B Bonds will be deposited as follows:

- (1) Series 2004 B Bonds proceeds in the amount of \$-0- will be deposited in the Series 2004 B Bonds Reserve Account.
- (2) The balance of the proceeds of the Series 2004 B Bonds will be deposited in the Series 2004 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2004 B Bonds and related costs.

11. Monies held in the Series 2004 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2004 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2004 B Bonds Sinking Fund and Series 2004 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2004 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

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

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

14. With the exception of the amount deposited in the Series 2004 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2004 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2004 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2004 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year.

Monies in the Series 2004 B Bonds Reserve Account and the Series 2004 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

24. Other than the Series 2004 A Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

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

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

WITNESS my signature on this 21st day of October, 2004.

TOWN OF WAYNE


Mayor

10/12/04
946610.00001

TOWN OF WAYNE

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 Wayne 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 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 Recorder not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the Town Hall not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

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

Adopted this 18th day of October, 2004.

[SEAL]


Mayor

ATTEST:


Recorder

946610.00001

At a Circuit Court for Wayne County continued and held at the Court House thereof on Monday, November 20, 1911, present the Honorable John B. Wilkinson, Judge.

IN THE MATTER of Petition of B.J.Frithard and others, for the amendment of the Charter of the town of Fairview, Wayne County, West Virginia, by changing the charter name of said town to the town of Wayne, Wayne County, West Virginia.

This day this cause came on again to be heard upon the petition of B.J.Frithard and others asking an amendment to the charter of the town of Fairview, Wayne County, West Virginia, which said petition was filed by an order of this court at the August term 1911 thereof which said order directed that said notice of the filing of said petition be given by the publication of the order filing the same and the posting thereof, as required by Chapter 47 of the Code of West Virginia; and it appearing to the court from a printed copy of said notice filed with the papers in this cause to which affidavits are attached showing that said publication and posting has been duly made for the time and in the manner required by law and as directed by said former order in these proceedings; and there having been here-to-fore no exceptions or objections filed or made herein to any of the proceedings had here under, and none now being presented or made to the making and entering of this order herein; and the court being of opinion, upon due consideration, that the petitioners are entitled to have the order entered herein set forth in their said petition and prayer thereto. It is therefore adjudged, ordered and decreed by the Court that the charter here-to-fore made by this court incorporating the said town of Fairview, Wayne County, West Virginia be and the same is hereby amended by striking out the word ~~therein~~ "Fairview" therein and substituting for and in lieu of the word "Fairview" in said charter the word "Wayne". And that here after the legal name of said municipal corporation shall be , and shall be known and designated as the town of Wayne, Wayne County, West Virginia.

It is further ordered and decreed that this amendment to said charter of said corporation shall not in any effect, alter or change in any manner what-so-ever the rights or liabilities of said corporation heretofore or existing at the time of the entering of this order. The Clerk of this Court is hereby directed to certify a copy of this order for the Common Council of said Municipal Corporation for Record on the books of said corporation.

And it appearing to the court that this this proceeding has fully accomplished its purpose and that there remains nothing further to be done herein the same is ordered to be stricken from the docket.

STATE OF WEST VIRGINIA
WAYNE COUNTY CIRCUIT COURT CLERK'S OFFICE:

I, Beulah Kahle, Clerk of the Circuit Court of Wayne County, West Virginia, do hereby certify that the foregoing is a true and correct copy of an Order entered in Law Order Book No. 29, at Page 308, as fully as is of record and on file in my said office.

Given under my hand and the Seal of the Court, this the 24th day of September, 1971.

BEULAH KAHLE
Clerk, Circuit Court, Wayne County,
West Virginia.

By Charlene Ferguson
Deputy

AFFIDAVIT

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

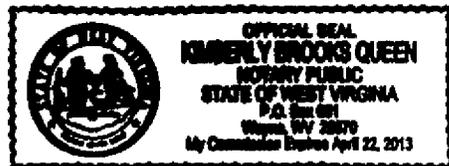
I James Ramey III AFTER FIRST BEING DULY SWORN,
STATES AND DEPOSES: THAT I, James Ramey III MAKE OATH
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE
SAID OFFICE OF Mayor THE TOWN OF WAYNE TO THE
BEST OF MY SKILL AND JUDGEMENT.



TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED
AUTHORITY THIS 30 DAY OF June 2003.

MY COMMISSION EXPIRES : April 22, 2013

NOTARY _____



AFFIDAVIT

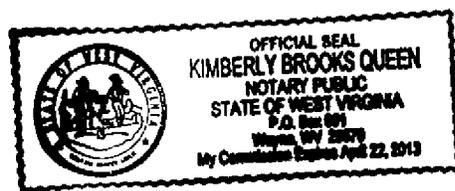
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I Robert E Scott AFTER FIRST BEING DULY SWORN,
STATES AND DEPOSES: THAT I, Robert E Scott MAKE OATH
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE
SAID OFFICE OF Recorder THE TOWN OF WAYNE TO THE
BEST OF MY SKILL AND JUDGEMENT.



TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED
AUTHORITY THIS 30 DAY OF June 2003.

MY COMMISSION EXPIRES April 22, 2013
NOTARY Kimberly Brooks Queen



AFFIDAVIT

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

I Martha Ann Foy AFTER FIRST BEING DULY SWORN,
STATES AND DEPOSES: THAT I, Martha Ann Foy MAKE OATH
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE
SAID OFFICE OF Council THE TOWN OF WAYNE TO THE
BEST OF MY SKILL AND JUDGEMENT.

Martha Ann Foy

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED
AUTHORITY THIS 30 DAY OF June 2003.

MY COMMISSION EXPIRES: April 22, 2013
NOTARY Kimberly Brooks Queen



AFFIDAVIT

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

I, Danny L. Grace AFTER FIRST BEING DULY SWORN,
STATES AND DEPOSES: THAT I, Dan F. Grace MAKE OATH
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE
SAID OFFICE OF Council THE TOWN OF WAYNE TO THE
BEST OF MY SKILL AND JUDGEMENT.

Dan F. Grace

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED
AUTHORITY THIS 30 DAY OF June 2003.

MY COMMISSION EXPIRES April 22 2013

NOTARY Kimberly Brooks Queen



AFFIDAVIT

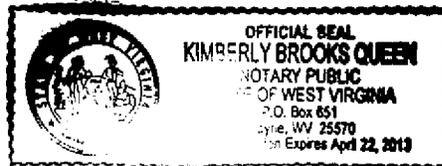
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I Lucille Prichard AFTER FIRST BEING DULY SWORN,
STATES AND DEPOSES: THAT I Lucille Prichard MAKE OATH
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE
SAID OFFICE OF Council THE TOWN OF WAYNE TO THE
BEST OF MY SKILL AND JUDGEMENT.

Lucille Prichard

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED
AUTHORITY THIS 30 DAY OF June 2003.

MY COMMISSION EXPIRES: April 22, 2013
NOTARY Kimberly Brooks Queen



AFFIDAVIT

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

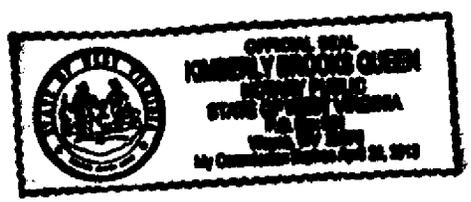
I Roy Ramey Jr. AFTER FIRST BEING DULY SWORN,
STATES AND DEPOSES: THAT I, Roy Ramey Jr. MAKE OATH
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE
SAID OFFICE OF Council THE TOWN OF WAYNE TO THE
BEST OF MY SKILL AND JUDGEMENT.

Roy Ramey Jr.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED
AUTHORITY THIS 30 DAY OF June 2003.

MY COMMISSION EXPIRES: April 22, 2013

NOTARY Kimberly Brooks Queen



TOWN OF WAYNE

AN ORDINANCE SETTING FORTH WATER RATES, CONNECTION CHARGES, RECONNECTION CHARGES, DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE TOWN OF WAYNE.

THE TOWN COUNCIL OF THE TOWN OF WAYNE HEREBY ORDAINS:

The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic, commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

SECTION 1. SCHEDULE OF RATES, CHARGES AND PENALTIES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES AND CHARGES

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

SURCHARGE

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

MINIMUM CHARGE

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

5/8 or 3/4	inch meter, or smaller	\$ 11.99 per month
1	inch meter	\$ 26.97 per month
1-1/2	inch meter	\$ 51.94 per month
2	inch meter	\$ 81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter or larger	\$501.34 per month

DELAYED PAYMENT PENALTY-RECONNECT-ADMINISTRATIVE FEES

The above tariff is net, on all accounts not paid in full within twenty (20) days of the date of bill, ten percent (10%) will be added to net amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full, together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence where water service to a customer is restored after water service has been terminated for non-payment of water bills.

CONNECTION CHARGE

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the tap fee). After the start of construction, there will be a charge of three hundred dollars (\$300.00) per meter for connection to the system.

DOMESTIC SECURITY DEPOSITS

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

COMMERCIAL AND INDUSTRIAL SECURITY DEPOSITS

A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

MULTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

LEAK ADJUSTMENT INCREMENT

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak **MUST** be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., **SHALL NOT** be considered concealed leaks.

SECTION 2. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, 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 3. EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town 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 *Wayne County News*, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004, at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

First Reading: July 12, 2004

Second Reading: July 26, 2004

TOWN OF WAYNE, a municipal corporation

Mayor

Recorder

The image shows two handwritten signatures in black ink. The first signature is written over the word 'Mayor' and the second signature is written over the word 'Recorder'. Both signatures are cursive and somewhat stylized.

**Affidavit of Legal
Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:**

I, Thomas J. George

**publisher of the WAYNE COUNTY NEWS,
newspaper published in the COUNTY OF
WAYNE, STATE OF WEST VIRGINIA**
hereby certify that the annexed publication was
inserted in said newspaper on the following date:

July 15, 2004

July 23, 2004

commencing on the 15th

day of July 2004

Given under my hand this 30th day

of July 2004

Sworn to and subscribed before me this

30th day of July,

2004, at Wayne, Wayne County, West

Virginia.

Ruth A. Adkins

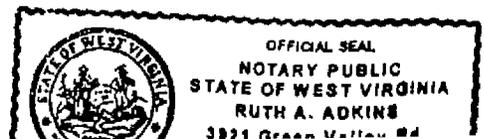
NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST
VIRGINIA.

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

\$ 257.79



A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

MULTIPLY OCCUPANCY

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

LEAK ADJUSTMENT INCREMENT

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak must be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

SECTION 2. SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, 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 3. EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town 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 Wayne County News, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004, at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

First Reading: July 12, 2004

Second Reading: July 26, 2004

7/15 2tc July 22

TOWN OF WAYNE AN ORDINANCE SETTING FORTH WATER RATES, CONNECTION CHARGES, RECONNECTION CHARGES, DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER-WORKS SYSTEM OF THE TOWN OF WAYNE.

The Town Council of the Town of Wayne hereby ordains The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rate and Schedules:

Section 1. Schedule of Rates, Charges and Penalties APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service

RATES AND CHARGES

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

SURCHARGE

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

MINIMUM CHARGE

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

5/8 or 3/4	inch meter, or smaller	\$11.99 per month
1	inch meter	\$26.97 per month
1-1/2	inch meter	\$51.94 per month
2	inch meter	\$81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter or larger	\$501.34 per month

DELAYED PAYMENT PENALTY-RECONNECT- ADMINISTRATIVE FEES

The above tariff is net, on all accounts not paid in full within two (20) days of the date of bill, ten percent (10%) will be added to the amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnect fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence when water service to a customer is restored after water service has been terminated for non-payment of water bills.

CONNECTION CHARGE

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the fee). After the start of construction, there will be a charge of three hundred dollars (\$300.00) per meter for connection to the system.

DOMESTIC SECURITY DEPOSITS

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

**TOWN OF WAYNE
REGULAR COUNCIL MEETING
JULY 12, 2004**

Present:	Mayor	James Ramey III
	Recorder	Robert E. Scott
	Council	Martha Ann Fry
		Danny Grace
		Lucille Prichard
		Jon Reed Jr.

Meeting called to order at 6:34 pm by Mayor Ramey.

Mrs. Prichard moved to accept the minutes of June 14, 2004, second by Mrs. Fry, and the same passed unanimously.

Greater Huntington Baptist Association (GHBA)

GHBA representative Doug Virgin requested the use of the former Town Hall to schedule Saturday evening worship services and to conduct a Vacation Bible School. Council gave tentative approval pending a joint letter of agreement between Boy Scout Troop 170 and the GHBA.

Wayne Co. Board of Education

Representative Ted Collins presented Council with the availability of a work/study program that provides students for on the job training after school and on Saturdays.

Buck Ferguson

Mr. Ferguson advised Council that illegal parking around the courthouse, and at the intersection of Mechanics Street and the Short-Cut is still occurring and causing unsafe driving conditions. He also reports that some residents in the Spunky Addition are in violation of certain Town Ordinances.

Old Garretts Creek Road Water Service

Former Town Clerk Kim Queen informed Council that Chris Brooks applied for water service prior to a pressure waiver being required and that Michael Brooks refused to sign a pressure waiver.

WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM)
FIRST READING

Mrs. Fry moved that the ordinance be read by title only, second by Mrs. Prichard, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Mr. Grace moved to accept the first reading of the ordinance, second by Mrs. Fry, and the same passed unanimously.

AN ORDINANCE ESTABLISHING A MUNICIPAL WATER BOARD CROSS-CONNECTION CONTROL AND BACKFLOW PREVENTION PROGRAM – FIRST READING

Mrs. Prichard moved that the ordinance be read by title only, second by Mrs. Fry, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

WHEREAS, the Town of Wayne, West Virginia (the “Town”) provides for the establishment of a Municipal Water Board to supervise, control, administer, operate and maintain a potable water system for the residents of Wayne; and,

WHEREAS, by the Federal Safe Drinking Water Act of 1974 and the Code of West Virginia Chapter 16, Article 1 and Public Health Laws, WV Bureau for Public Health Chapter 1, Article 5B require each public water purveyor to develop and maintain a Cross-Connection Control and Backflow Prevention Program to prevent water from unapproved sources, or any other substances, from entering the public potable water supply; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will protect the public potable water supply serving the Town of Wayne from the possibility of contamination or pollution by isolating within its customer’s internal distribution system, such

contaminants or pollutants, which could backflow or back-siphon into the public water system; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will promote the control and elimination of existing cross-connections, actual or potential, between customer's potable and non-potable systems.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF WAYNE, WEST VIRGINIA, that this Ordinance be enacted as follows:

The City Council of the Town of Wayne has determined that it is the responsibility of the Wayne Water Board to establish policy and regulations to implement a Cross-Connection Control and Backflow prevention Program to prevent the public potable water supply from possible contamination by isolating, within its customer's internal distribution systems, such contaminants or pollutants, which could backflow or back siphon into the potable water supply system.

The Cross-Connection Control and Backflow Prevention Program shall be set forth in regulations entitled the "Cross-Connection and Backflow Prevention Program", a copy of which regulations shall be on file at the Municipal Building and the Water Plant location. The "Cross-Connection Control and Backflow Prevention Program" shall be implemented by the Water Maintenance Supervisor and the Water Plant Chief Operator, who shall be responsible for the protection of the public potable water distribution system from contamination or pollution due to the backflow or back siphon of contaminants or pollutants through the water service connection.

All users of municipal water shall be responsible for complying with the provisions of the "Cross-Connection and Backflow Prevention Program". Failure to comply with this Ordinance of the Town of Wayne and the "Cross-Connection Control and Backflow Prevention Program" shall result in a fine of not less than one hundred (\$100.00) nor more than two hundred fifty dollars (\$250.00) or imprisoned not more than thirty (30) days, or both. Each day that any person continues the violation of any of the rules and regulations made and promulgated by the Water Board shall constitute a separate offense.

Mrs. Prichard moved to accept the first reading of the ordinance, second by Mrs. Fry, and the same passed unanimously.

**AN ORDINANCE SETTING FORTH WATER RATES,
CONNECTION CHARGES, RECONNECTION CHARGES,
DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR
SERVICE TO CUSTOMERS OF THE WATER WORKS SYSTEM OF
THE TOWN OF WAYNE – FIRST READING**

Mrs. Fry moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

THE TOWN COUNCIL OF THE TOWN OF WAYNE HEREBY ORDAINS:
The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic, commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the

effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

SECTION 1. SCHEDULE OF RATES, CHARGES AND PENALTIES

APPLICABILITY

Applicable in entire area served

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES AND CHARGES

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

SURCHARGE

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

MINIMUM CHARGE

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

5/8 or 3/4	inch meter, or smaller	\$11.99 per month
1	inch meter	\$26.97 per month
1-1/2	inch meter	\$51.94 per month
2	inch meter	\$81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter	\$501.34 per month

DELAYED PAYMENT PENALTY-RECONNECT-ADMINISTRATIVE FEES

The above tariff is net, on all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to net amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full, together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence where water service to a customer is restored after water service has been terminated for non-payment of water bills.

CONNECTION CHARGE

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the tap fee). After the start of construction, there will be a charge of three hundred (\$300.00) per meter for connection to the system.

DOMESTIC SECURITY DEPOSITS

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

COMMERCIAL AND INDUSTRIAL SECURITY DEPOSITS

A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected and reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

MUTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

LEAK ADJUSTMENT INCREMENT

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak MUST be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

SECTION 2. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

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

orders or parts thereof in conflict with the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 3. EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 4. STATUTORY NOTICE OF PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period a fourteen (14) consecutive days, with at least six (6) days between each publication, in the Wayne County News, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004 , at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

Mr. Reed moved to accept the first reading of the ordinance, second by Mr. Grace, and the same passed unanimously.

River Cities Disposal Service

No action taken.

Fall Festival 2004

Mayor Ramey reports that the Festival Committee has approximately \$7800.00 in funds for the 2004 Festival.

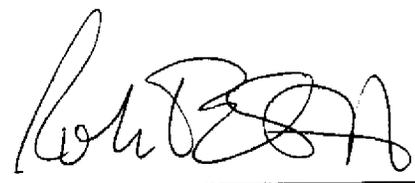
DUI Ordinance Amendment

Mr. Reed moved that Council authorize Attorney Mike Frazier to prepare an Amendment to the Town's current DUI ordinance to conform to the States current version, second by Mrs. Fry, and the same passed unanimously.

As there was no further business pending before the Council, Mrs. Fry moved to adjourn, second by Mr. Grace, and the same passed unanimously.

Meeting adjourned at 7:35 pm.


James Ramey III, Mayor


Robert E. Scott, Recorder

**TOWN OF WAYNE
SPECIAL COUNCIL MEETING
JULY 26, 2004**

Present:	Mayor	James Ramey III
	Recorder	Robert E. Scott
	Council	Martha Ann Fry
		Danny Grace
		Jon Reed Jr.

Meeting called to order at 6:04 pm by Mayor Ramey.

**AN ORDINANCE SETTING FORTH WATER RATES,
CONNECTION CHARGES, RECONNECTION CHARGES,
DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR
SERVICE TO CUSTOMERS OF THE WATER WORKS SYSTEM OF
THE TOWN OF WAYNE – SECOND READING**

Mr. Grace moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

THE TOWN COUNCIL OF THE TOWN OF WAYNE HEREBY ORDAINS:

The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic, commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

SECTION 1. SCHEDULE OF RATES, CHARGES AND PENALTIES

APPLICABILITY

Applicable in entire area served

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES AND CHARGES

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

SURCHARGE

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

MINIMUM CHARGE

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

5/8 or 3/4	inch meter, or smaller	\$11.99 per month
1	inch meter	\$26.97 per month
1-1/2	inch meter	\$51.94 per month
2	inch meter	\$81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter	\$501.34 per month

DELAYED PAYMENT PENALTY-RECONNECT-ADMINISTRATIVE FEES

The above tariff is net, on all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to net amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full, together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence where water service to a customer is restored after water service has been terminated for non-payment of water bills.

CONNECTION CHARGE

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the tap fee). After the start of construction, there will be a charge of three hundred (\$300.00) per meter for connection to the system.

DOMESTIC SECURITY DEPOSITS

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

COMMERCIAL AND INDUSTRIAL SECURITY DEPOSITS

A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected and reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

MUTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

LEAK ADJUSTMENT INCREMENT

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak MUST be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

SECTION 2. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 3. EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 4. STATUTORY NOTICE OF PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period a fourteen (14) consecutive days, with at least six (6) days between each publication, in the Wayne County News, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004 , at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such

action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

Mr. Reed moved to accept the second reading of the ordinance, second by Mrs. Fry, and the same passed unanimously. Mr. Grace moved to waive the third reading of the ordinance and that said ordinance become effective in 45 days, second by Mr. Reed, and the same passed unanimously.

WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM)
SECOND READING

Mr. Reed moved that the ordinance be read by title only, second by Mrs. Fry, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:
✓ **ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.**

Mrs. Fry moved to accept the second reading of the ordinance, second by Mr. Grace, and the same passed unanimously.

AN ORDINANCE ESTABLISHING A MUNICIPAL WATER BOARD CROSS-CONNECTION CONTROL AND BACKFLOW PREVENTION PROGRAM – SECOND READING

Mrs. Fry moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:
WHEREAS, the Town of Wayne, West Virginia (the "Town") provides for the establishment of a Municipal Water Board to supervise, control, administer, operate and maintain a potable water system for the residents of Wayne; and,
WHEREAS, by the Federal Safe Drinking Water Act of 1974 and the Code of West Virginia Chapter 16, Article 1 and Public Health Laws, WV Bureau for Public Health

Chapter 1, Article 5B require each public water purveyor to develop and maintain a Cross-Connection Control and Backflow Prevention Program to prevent water from unapproved sources, or any other substances, from entering the public potable water supply; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will protect the public potable water supply serving the Town of Wayne from the possibility of contamination or pollution by isolating within its customer's internal distribution system, such contaminants or pollutants, which could backflow or back-siphon into the public water system; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will promote the control and elimination of existing cross-connections, actual or potential, between customer's potable and non-potable systems.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF WAYNE, WEST VIRGINIA, that this Ordinance be enacted as follows:

The City Council of the Town of Wayne has determined that it is the responsibility of the Wayne Water Board to establish policy and regulations to implement a Cross-Connection Control and Backflow prevention Program to prevent the public potable water supply from possible contamination by isolating, within its customer's internal distribution systems, such contaminants or pollutants, which could backflow or back siphon into the potable water supply system.

The Cross-Connection Control and Backflow Prevention Program shall be set forth in regulations entitled the "Cross-Connection and Backflow Prevention Program", a copy of which regulations shall be on file at the Municipal Building and the Water Plant location. The "Cross-Connection Control and Backflow Prevention Program" shall be implemented by the Water Maintenance Supervisor and the Water Plant Chief Operator, who shall be responsible for the protection of the public potable water distribution system from contamination or pollution due to the backflow or back siphon of contaminants or pollutants through the water service connection.

All users of municipal water shall be responsible for complying with the provisions of the "Cross-Connection and Backflow Prevention Program". Failure to comply with this Ordinance of the Town of Wayne and the "Cross-Connection Control and Backflow Prevention Program" shall result in a fine of not less than one hundred (\$100.00) nor more than two hundred fifty dollars (\$250.00) or imprisoned not more than thirty (30) days, or both. Each day that any person continues the violation of any of the rules and regulations made and promulgated by the Water Board shall constitute a separate offense.

Mr. Reed moved to accept the second reading of the ordinance, second by Mr. Grace, and the same passed unanimously. Mr. Reed moved to waive the third reading of the ordinance and that said ordinance become effective in 45 days, second by Mrs. Fry, and the same passed unanimously.

County PSD Meeting

Mayor Ramey reports that the County Commission has approved that the Town of Wayne waterlines that are outside the boundaries of the Town limits be transferred to the Lavalette, PSD, pending PSC approval.

Asphalt Paving

Mrs. Fry moved that Council accept paving bids on the street that runs through Queens Mobile Home Park through August 31, 2004, second by Mr. Reed, and the same passed unanimously.

2004-2005 Budget Revision #1

Mrs. Fry moved that Council accept the following budget revisions:

Acct # 303 – Increase \$350.00

Acct # 330 – Increase \$6900.00

Acct # 304 – Decrease \$7250.00

Acct # 299 – Increase \$3000.00

Acct # 440 – Decrease \$3000.00

Second by Mr. Reed, and the same passed unanimously.

Mr. Grace moved that Council enter executive session to discuss personnel matters, second by Mr. Reed, and the same passed unanimously.

Council entered executive session at 6:20 pm.

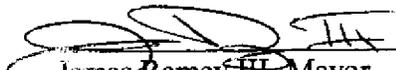
Council returned and was called to order by Mayor Ramey at 7:08 pm.

Personnel

No action taken.

As there was no further business pending before the Council, Mr. Reed moved to adjourn, second by Mrs. Fry, and the same passed unanimously.

Meeting adjourned at 7:10 pm.


James Ramey III, Mayor


Robert E. Scott, Recorder

**Affidavit of Legal
Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:**

I, Thomas J. George
publisher of the WAYNE COUNTY NEWS,
newspaper published in the COUNTY OF
WAYNE, STATE OF WEST VIRGINIA
hereby certify that the annexed publication wa
inserted in said newspaper on the following dates

August 5 2004

August 12, 2004

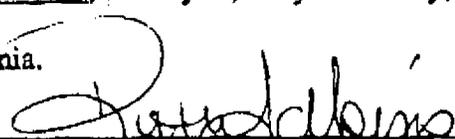
commencing on the 5th

day of August 20 04

Given under my hand this 16th day

of August 20 04

Sworn to and subscribed before me this
16th day of August,
20 04, at Wayne, Wayne County, West
Virginia.



NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST
VIRGINIA.

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

\$ 87.71



LEGAL ADVERTISEMENT

the financing of the cost, not otherwise provided, thereof through the issuance by the Town of not more than \$3,000,000 in aggregate principal amount of water revenue bonds, series 2004 A (United States Department of Agriculture) and not more than \$2,500,000 in aggregate principal amount of water revenue bonds, series 2004 B (West Virginia DWTRF Program); providing for the rights and remedies of and security for the registered owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a loan agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto.

The above-entitled Ordinance was approved by the Council on July 28, 2004.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of betterments, additions, and improvements to the waterworks system of the Town and to pay certain costs of issuance of the Bonds and re-

LEGAL ADVERTISEMENT

**TOWN OF WAYNE
NOTICE OF
PUBLIC
HEARING ON
ORDINANCE**

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Wayne (the "Town") to be held on Monday, August 16, 2004, at 6:00 p.m., prevailing time, in Council Chambers at the Town Hall, 1300 Norfolk Avenue, Wayne, West Virginia, and at such hearing any person interested may appear before the Council and present protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

Ordinance authorizing the acquisition and construction of extensions, additions, betterments and improvements to the existing public waterworks system of the Town of Wayne and

LEGAL ADVERTISEMENT

lated costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

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

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

Dated: August 6, 2004

Robert Scott
Recorder
8/06 2tc 8/12

**TOWN OF WAYNE
REGULAR COUNCIL MEETING
JULY 12, 2004**

Present:	Mayor	James Ramey III
	Recorder	Robert E. Scott
	Council	Martha Ann Fry
		Danny Grace
		Lucille Prichard
		Jon Reed Jr.

Meeting called to order at 6:34 pm by Mayor Ramey.

Mrs. Prichard moved to accept the minutes of June 14, 2004, second by Mrs. Fry, and the same passed unanimously.

Greater Huntington Baptist Association (GHBA)

GHBA representative Doug Virgin requested the use of the former Town Hall to schedule Saturday evening worship services and to conduct a Vacation Bible School. Council gave tentative approval pending a joint letter of agreement between Boy Scout Troop 170 and the GHBA.

Wayne Co. Board of Education

Representative Ted Collins presented Council with the availability of a work/study program that provides students for on the job training after school and on Saturdays.

Buck Ferguson

Mr. Ferguson advised Council that illegal parking around the courthouse, and at the intersection of Mechanics Street and the Short-Cut is still occurring and causing unsafe driving conditions. He also reports that some residents in the Spunky Addition are in violation of certain Town Ordinances.

Old Garretts Creek Road Water Service

Former Town Clerk Kim Queen informed Council that Chris Brooks applied for water service prior to a pressure waiver being required and that Michael Brooks refused to sign a pressure waiver.

WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM)
FIRST READING

Mrs. Fry moved that the ordinance be read by title only, second by Mrs. Prichard, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Mr. Grace moved to accept the first reading of the ordinance, second by Mrs. Fry, and the same passed unanimously.

AN ORDINANCE ESTABLISHING A MUNICIPAL WATER BOARD CROSS-CONNECTION CONTROL AND BACKFLOW PREVENTION PROGRAM – FIRST READING

Mrs. Prichard moved that the ordinance be read by title only, second by Mrs. Fry, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

WHEREAS, the Town of Wayne, West Virginia (the "Town") provides for the establishment of a Municipal Water Board to supervise, control, administer, operate and maintain a potable water system for the residents of Wayne; and,

WHEREAS, by the Federal Safe Drinking Water Act of 1974 and the Code of West Virginia Chapter 16, Article 1 and Public Health Laws, WV Bureau for Public Health Chapter 1, Article 5B require each public water purveyor to develop and maintain a Cross-Connection Control and Backflow Prevention Program to prevent water from unapproved sources, or any other substances, from entering the public potable water supply; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will protect the public potable water supply serving the Town of Wayne from the possibility of contamination or pollution by isolating within its customer's internal distribution system, such

contaminants or pollutants, which could backflow or back-siphon into the public water system; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will promote the control and elimination of existing cross-connections, actual or potential, between customer's potable and non-potable systems.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF WAYNE, WEST VIRGINIA, that this Ordinance be enacted as follows:

The City Council of the Town of Wayne has determined that it is the responsibility of the Wayne Water Board to establish policy and regulations to implement a Cross-Connection Control and Backflow prevention Program to prevent the public potable water supply from possible contamination by isolating, within its customer's internal distribution systems, such contaminants or pollutants, which could backflow or back siphon into the potable water supply system.

The Cross-Connection Control and Backflow Prevention Program shall be set forth in regulations entitled the "Cross-Connection and Backflow Prevention Program", a copy of which regulations shall be on file at the Municipal Building and the Water Plant location. The "Cross-Connection Control and Backflow Prevention Program" shall be implemented by the Water Maintenance Supervisor and the Water Plant Chief Operator, who shall be responsible for the protection of the public potable water distribution system from contamination or pollution due to the backflow or back siphon of contaminants or pollutants through the water service connection.

All users of municipal water shall be responsible for complying with the provisions of the "Cross-Connection and Backflow Prevention Program". Failure to comply with this Ordinance of the Town of Wayne and the "Cross-Connection Control and Backflow Prevention Program" shall result in a fine of not less than one hundred (\$100.00) nor more than two hundred fifty dollars (\$250.00) or imprisoned not more than thirty (30) days, or both. Each day that any person continues the violation of any of the rules and regulations made and promulgated by the Water Board shall constitute a separate offense.

Mrs. Prichard moved to accept the first reading of the ordinance, second by Mrs. Fry, and the same passed unanimously.

**AN ORDINANCE SETTING FORTH WATER RATES,
CONNECTION CHARGES, RECONNECTION CHARGES,
DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR
SERVICE TO CUSTOMERS OF THE WATER WORKS SYSTEM OF
THE TOWN OF WAYNE – FIRST READING**

Mrs. Fry moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

THE TOWN COUNCIL OF THE TOWN OF WAYNE HEREBY ORDAINS:

The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic, commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the

effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

SECTION 1. SCHEDULE OF RATES, CHARGES AND PENALTIES

APPLICABILITY

Applicable in entire area served

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES AND CHARGES

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

SURCHARGE

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

MINIMUM CHARGE

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

5/8 or 3/4	inch meter, or smaller	\$11.99 per month
1	inch meter	\$26.97 per month
1-1/2	inch meter	\$51.94 per month
2	inch meter	\$81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter	\$501.34 per month

DELAYED PAYMENT PENALTY-RECONNECT-ADMINISTRATIVE FEES

The above tariff is net, on all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to net amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full, together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence where water service to a customer is restored after water service has been terminated for non-payment of water bills.

CONNECTION CHARGE

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the tap fee). After the start of construction, there will be a charge of three hundred (\$300.00) per meter for connection to the system.

DOMESTIC SECURITY DEPOSITS

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

COMMERCIAL AND INDUSTRIAL SECURITY DEPOSITS

A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected and reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

MUTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eights inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

LEAK ADJUSTMENT INCREMENT

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak MUST be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

SECTION 2. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

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

orders or parts thereof in conflict with the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 3. EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 4. STATUTORY NOTICE OF PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period a fourteen (14) consecutive days, with at least six (6) days between each publication, in the Wayne County News, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004 , at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

Mr. Reed moved to accept the first reading of the ordinance, second by Mr. Grace, and the same passed unanimously.

River Cities Disposal Service

No action taken.

Fall Festival 2004

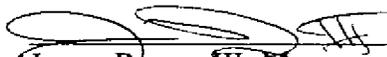
Mayor Ramey reports that the Festival Committee has approximately \$7800.00 in funds for the 2004 Festival.

DUI Ordinance Amendment

Mr. Reed moved that Council authorize Attorney Mike Frazier to prepare an Amendment to the Town's current DUI ordinance to conform to the States current version, second by Mrs. Fry, and the same passed unanimously.

As there was no further business pending before the Council, Mrs. Fry moved to adjourn, second by Mr. Grace, and the same passed unanimously.

Meeting adjourned at 7:35 pm.


James Ramey III, Mayor


Robert E. Scott, Recorder

**TOWN OF WAYNE
SPECIAL COUNCIL MEETING
JULY 26, 2004**

Present:	Mayor	James Ramey III
	Recorder	Robert E. Scott
	Council	Martha Ann Fry
		Danny Grace
		Jon Reed Jr.

Meeting called to order at 6:04 pm by Mayor Ramey.

**AN ORDINANCE SETTING FORTH WATER RATES,
CONNECTION CHARGES, RECONNECTION CHARGES,
DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR
SERVICE TO CUSTOMERS OF THE WATER WORKS SYSTEM OF
THE TOWN OF WAYNE – SECOND READING**

Mr. Grace moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

THE TOWN COUNCIL OF THE TOWN OF WAYNE HEREBY ORDAINS:

The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic, commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

SECTION 1. SCHEDULE OF RATES, CHARGES AND PENALTIES

APPLICABILITY

Applicable in entire area served

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES AND CHARGES

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

SURCHARGE

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

MINIMUM CHARGE

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

5/8 or 3/4	inch meter, or smaller	\$11.99 per month
1	inch meter	\$26.97 per month
1-1/2	inch meter	\$51.94 per month
2	inch meter	\$81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter	\$501.34 per month

DELAYED PAYMENT PENALTY-RECONNECT-ADMINISTRATIVE FEES

The above tariff is net, on all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to net amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full, together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence where water service to a customer is restored after water service has been terminated for non-payment of water bills.

CONNECTION CHARGE

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the tap fee). After the start of construction, there will be a charge of three hundred (\$300.00) per meter for connection to the system.

DOMESTIC SECURITY DEPOSITS

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

COMMERCIAL AND INDUSTRIAL SECURITY DEPOSITS

A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected and reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

MUTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

LEAK ADJUSTMENT INCREMENT

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak MUST be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

SECTION 2. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 3. EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 4. STATUTORY NOTICE OF PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period a fourteen (14) consecutive days, with at least six (6) days between each publication, in the Wayne County News, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004 , at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such

action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

Mr. Reed moved to accept the second reading of the ordinance, second by Mrs. Fry, and the same passed unanimously. Mr. Grace moved to waive the third reading of the ordinance and that said ordinance become effective in 45 days, second by Mr. Reed, and the same passed unanimously.

WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM)
SECOND READING

Mr. Reed moved that the ordinance be read by title only, second by Mrs. Fry, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:
ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Mrs. Fry moved to accept the second reading of the ordinance, second by Mr. Grace, and the same passed unanimously.

AN ORDINANCE ESTABLISHING A MUNICIPAL WATER BOARD CROSS-CONNECTION CONTROL AND BACKFLOW PREVENTION PROGRAM – SECOND READING

Mrs. Fry moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:
WHEREAS, the Town of Wayne, West Virginia (the "Town") provides for the establishment of a Municipal Water Board to supervise, control, administer, operate and maintain a potable water system for the residents of Wayne; and,
WHEREAS, by the Federal Safe Drinking Water Act of 1974 and the Code of West Virginia Chapter 16, Article 1 and Public Health Laws, WV Bureau for Public Health

Chapter 1, Article 5B require each public water purveyor to develop and maintain a Cross-Connection Control and Backflow Prevention Program to prevent water from unapproved sources, or any other substances, from entering the public potable water supply; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will protect the public potable water supply serving the Town of Wayne from the possibility of contamination or pollution by isolating within its customer's internal distribution system, such contaminants or pollutants, which could backflow or back-siphon into the public water system; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will promote the control and elimination of existing cross-connections, actual or potential, between customer's potable and non-potable systems.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF WAYNE, WEST VIRGINIA, that this Ordinance be enacted as follows:

The City Council of the Town of Wayne has determined that it is the responsibility of the Wayne Water Board to establish policy and regulations to implement a Cross-Connection Control and Backflow prevention Program to prevent the public potable water supply from possible contamination by isolating, within its customer's internal distribution systems, such contaminants or pollutants, which could backflow or back siphon into the potable water supply system.

The Cross-Connection Control and Backflow Prevention Program shall be set forth in regulations entitled the "Cross-Connection and Backflow Prevention Program", a copy of which regulations shall be on file at the Municipal Building and the Water Plant location. The "Cross-Connection Control and Backflow Prevention Program" shall be implemented by the Water Maintenance Supervisor and the Water Plant Chief Operator, who shall be responsible for the protection of the public potable water distribution system from contamination or pollution due to the backflow or back siphon of contaminants or pollutants through the water service connection.

All users of municipal water shall be responsible for complying with the provisions of the "Cross-Connection and Backflow Prevention Program". Failure to comply with this Ordinance of the Town of Wayne and the "Cross-Connection Control and Backflow Prevention Program" shall result in a fine of not less than one hundred (\$100.00) nor more than two hundred fifty dollars (\$250.00) or imprisoned not more than thirty (30) days, or both. Each day that any person continues the violation of any of the rules and regulations made and promulgated by the Water Board shall constitute a separate offense.

Mr. Reed moved to accept the second reading of the ordinance, second by Mr. Grace, and the same passed unanimously. Mr. Reed moved to waive the third reading of the ordinance and that said ordinance become effective in 45 days, second by Mrs. Fry, and the same passed unanimously.

County PSD Meeting

Mayor Ramey reports that the County Commission has approved that the Town of Wayne waterlines that are outside the boundaries of the Town limits be transferred to the Lavalette, PSD, pending PSC approval.

Asphalt Paving

Mrs. Fry moved that Council accept paving bids on the street that runs through Queens Mobile Home Park through August 31, 2004, second by Mr. Reed, and the same passed unanimously.

2004-2005 Budget Revision #1

Mrs. Fry moved that Council accept the following budget revisions:

- Acct # 303 – Increase \$350.00
- Acct # 330 – Increase \$6900.00
- Acct # 304 – Decrease \$7250.00
- Acct # 299 – Increase \$3000.00
- Acct # 440 – Decrease \$3000.00

Second by Mr. Reed, and the same passed unanimously.

Mr. Grace moved that Council enter executive session to discuss personnel matters, second by Mr. Reed, and the same passed unanimously.

Council entered executive session at 6:20 pm.

Council returned and was called to order by Mayor Ramey at 7:08 pm.

Personnel

No action taken.

As there was no further business pending before the Council, Mr. Reed moved to adjourn, second by Mrs. Fry, and the same passed unanimously.

Meeting adjourned at 7:10 pm.


James Ramey III, Mayor


Robert E. Scott, Recorder

**TOWN OF WAYNE
REGULAR COUNCIL MEETING
AUGUST 16, 2004**

Present:	Mayor	James Ramey III
	Recorder	Robert E. Scott
	Council	Martha Ann Fry
		Danny Grace
		Lucille Prichard
		Roy Ramey Jr.
		Jon Reed Jr.

Meeting called to order at 6:27 pm by Mayor Ramey.

Mr. Grace moved to accept the minutes of July 12, 2004, regular meeting and July 26, 2004, special meeting, second by Mrs. Fry, and the same passed unanimously.

Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Water Revenue Bonds, Series 2004 B (West Virginia DWTF Program) – Third Reading and Public Hearing

Mr. Reed moved that the ordinance be read by title only, second by Mr. Ramey, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF

SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Mayor Ramey asked for any comment from the public. No public comment was offered. Mr. Grace moved to accept the third and final reading of the ordinance and that the ordinance become effective forty-five days after this reading or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia, second by Mr. Reed, and the same passed unanimously.

An Ordinance To Amend An Existing Ordinance, Article 303 Concerning Driving Under The Influence, To Conform To Recent State Law Changes-First Reading

Mr. Reed moved that the ordinance be read by title only, second by Mr. Ramey, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

Whereas, the Town of Wayne, West Virginia (the "Town") is a municipal corporation created pursuant to the provisions of Chapter 8, Article 2 of the West Virginia Code, 1931, as amended (the "Code"); and

Whereas, the Town currently has an ordinance (303.01) concerning the serious crime of driving a motor vehicle while under the influence of alcohol, which Ordinance was patterned substantially after a similar law in the State Code, and

Whereas, the West Virginia Legislature amended the Code, 17C-5-2 *et seq.*, in its 2004 session to reduce the blood alcohol level presumed to indicate intoxication for purposes of these laws from a level of .10% to .08% alcohol concentration in a driver's blood, by weight, and

Whereas, the Town Council finds it is in the best interests of the Town to amend its Driving Under the Influence Ordinance to conform to the lower levels now adopted under State law.

Now, Therefore, Be It Enacted and Ordained By The Town Council Of The Town Of Wayne, West Virginia, that the following Ordinance be hereby amended:

Article 303.01, Driving Under the Influence, is hereby amended to conform to changes created in State Code in the 2004 session, specifically reducing the .10% blood alcohol concentration to .08%, and from the date this Ordinance is in effect, the lower limits adopted in the Code shall henceforth likewise be the law under the Ordinance of this Town. In all other respects, the Ordinance shall continue to be the law of this Town.

Fall Festival 2004

Member Ginny Blankenship informed Council that the Gospel and Country entertainment will require approx. \$3900.00 in funding and that this figure does not include Bluegrass night or the cost of the sound system. She reports that Lisa Orosz will conduct the Festival Beauty Pageant. She also requests that Council consider additional funding for the 2005 Festival for better known entertainment, as that will be the tenth anniversary of the Fall Festival.

Town Dump Truck

Supervisor Ramey reports that the engine in the dump truck has failed and needs to be replaced again. Council will check with WV State Surplus Property to see if a replacement is available.

South Pine Street

Mr. Grace reports that residents of South Pine Street are requesting that grass cutting be performed in that area. Council referred the matter to Supervisor Ramey.

Mrs. Fry moved that Council enter executive session to discuss personnel matters, second by Mr. Reed, and the same passed unanimously

Council entered executive session at 6:43 pm.

Council returned and was called to order by Mayor Ramey at 7:02 pm.

Personnel

No action taken.

Mark Bradshaw-Fall Festival

Wayne County Deputy Sheriff Mark Bradshaw approached Council to request that the Wayne Co. Sheriff's Association and City National Bank be allowed to conduct a Chili Festival during the 2004 Town Fall Festival with all proceeds to benefit the Wayne High School Band Boosters. Council encouraged Mr. Bradshaw to proceed with the planning of the event.

Commercial Drive-Speed Bumps

Resident Glen Kelly requested that Council install speed bumps on Commercial Drive to discourage speeding in that area. Council informed Mr. Kelly to create a petition signed by the residents of Commercial Drive in which they request this action.

As there was no further business pending before the Council, Mrs. Fry moved to adjourn, second by Mr. Reed, and the same passed unanimously.

Meeting adjourned at 7:12 pm.


James Ramey III, Mayor


Robert E. Scott, Recorder

TOWN OF WAYNE

Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

Water Revenue Bonds, Series 2004 B
(West Virginia DWTRF Program)

EXCERPT OF MINUTES ON ADOPTION
OF SUPPLEMENTAL RESOLUTION AND RULES OF PROCEDURE

I, Robert Scott, Recorder of the Town of Wayne (the "Town"), hereby certify 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 18th day of October, 2004, in Wayne, West Virginia, at the hour of 6:00 p.m.

PRESENT: James Ramey, III - Mayor
Robert E. Scott - Recorder
Martha Fry - Councilmember
Danny Grace - Councilmember
Lucille Prichard - Councilmember
Roy Ramey, Jr. - Councilmember
Jon Reed - Councilmember

The Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), OF THE TOWN OF WAYNE; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2004 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2004 A BONDS TO THE UNITED STATES

DEPARTMENT OF AGRICULTURE AND THE SERIES
2004 B BONDS TO THE WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY; DESIGNATING A
REGISTRAR, PAYING AGENT AND DEPOSITORY BANK;
AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Roy Ramey, Jr. and seconded by Jon Reed, Jr., it was unanimously ordered that the said Supplemental Resolution be adopted and put in full force and effect on and from the date hereof.

Thereupon, the Mayor presented proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made by Mr. Ramey, and seconded by Martha Ann Fry, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

* * *

* * *

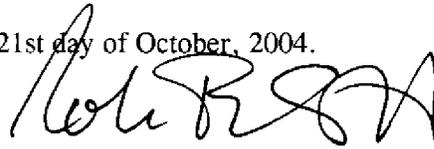
* * *

There being no further business to come before the meeting, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I further hereby certify that the foregoing action of the Council remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 21st day of October, 2004.

A handwritten signature in black ink, appearing to be "Robert A. [unclear]", written over a horizontal line.

Recorder

10/12/04
946610.00001

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

NEW ISSUE REPORT FORM

Date of Report: October 21, 2004

ISSUE: Town of Wayne, Water Revenue Bonds, Series 2004 A (United States Department of Agriculture)

ADDRESS: P. O. Box 186, Wayne, WV 25570 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: October 21, 2004 CLOSING DATE: October 21, 2004

ISSUE AMOUNT: \$ 1,293,500 RATE: N/A

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: \$ N/A PAYING AGENT: Issuer

BOND

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

UNDERWRITERS

COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: City National Bank of West Virginia
Contact Person: Debbie Sanders
Phone: 304.272.9955

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: James Ramey, III
Position: Mayor
Phone: (304) 272-3221

OTHER: United States Department of Agriculture

Contact Person: Virginia M. McDonald
Function: Rural Development Specialist
Phone: (304) 420-6666

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

REFUNDS & TRANSFERS BY MBC AT CLOSE

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

NOTES: Monthly debt service payments will be made by the Town directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2004 A Bonds Reserve Account. Payments into the Series 2004 A Bonds Reserve Account will commence 24 months following the Closing Date.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

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

NEW ISSUE REPORT FORM

Date of Report: October 21, 2004

ISSUE: Town of Wayne Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program)

ADDRESS: P. O. Box 186, Wayne, WV 25570 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: October 21, 2004 CLOSING DATE: October 21, 2004

ISSUE AMOUNT: \$ 1,925,000 RATE: 0% Interest; 1% Administration Fee

1ST DEBT SERVICE DUE: March 1, 2006 1ST PRINCIPAL DUE: March 1, 2006

1ST DEBT SERVICE AMOUNT: \$ 16,041.67 PAYING AGENT: Municipal Bond Commission

BOND

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

UNDERWRITERS

COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: City National Bank of West Virginia
Contact Person: Debbie Sanders
Phone: (304) 272-9955

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: James Ramey, III
Position: Mayor
Phone: (304) 272-3221

OTHER: West Virginia Bureau for Public Health
Contact Person: Walt Ivey, P.E.
Function: Manager
Phone: (304) 558-2981

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

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.

TOWN OF WAYNE

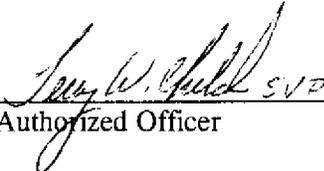
Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture)
and Series 2004 B (West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

City National Bank of West Virginia, Wayne, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Wayne (the "Issuer"), enacted August 16, 2004, and a Supplemental Resolution of the Issuer adopted October 18, 2004 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Series 2004 B (West Virginia DWTRF Program), both dated October 21, 2004, in the respective principal amounts of \$1,293,500 and \$1,925,000 (collectively, the "Bonds") and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 21st day of October, 2004.

CITY NATIONAL BANK OF WEST VIRGINIA

By:  SVP

Its: Authorized Officer

10/12/04
946610.00001

TOWN OF WAYNE

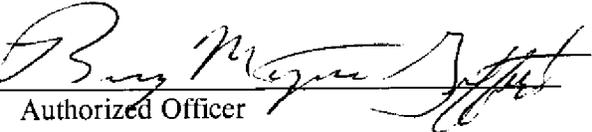
Water Revenue Bonds, Series 2004 B
(West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2004 B BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Wayne Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated October 21, 2004, in the principal amount of \$1,925,000 ("the Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 21st day of October, 2004.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

09/30/04
946610.00001

TOWN OF WAYNE

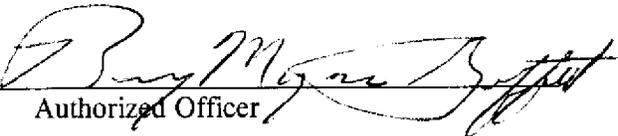
Water Revenue Bonds,
Series 2004 B (West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF SERIES 2004 B BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Town of Wayne (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Town of Wayne Water Revenue Bond, Series 2004 B (West Virginia DWTRF Program), of the Issuer, dated October 21, 2004, in the principal amount of \$1,925,000, numbered BR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of THE HUNTINGTON NATIONAL BANK, as Registrar.

WITNESS my signature on this 21st day of October, 2004.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

10/06/04
946610.00001

TOWN OF WAYNE

Water Revenue Bonds,
Series 2004 B (West Virginia DWTRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 21st day of October, 2004 by and between the TOWN OF WAYNE, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,925,000 Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program) dated October 21, 2004, in fully registered form (the "Series 2004 B Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted August 16, 2004, and a Supplemental Resolution of the Issuer duly adopted October 18, 2004 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2004 B Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Town of Wayne
Post Office Box 186
Wayne, West Virginia 25570
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attn: Trust Officer

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Series 2004 B Bonds in accordance with the Bond Legislation.

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

TOWN OF WAYNE


Mayor

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

10/12/04
946610.00001

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
900 Lee Street, 11th Floor
P.O. Box 633 WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF TRUSTEE'S FEES
Invoice Date October 18, 2004

Town of Wayne Water Revenue Bonds
Account Number 6089001809

Town of Wayne
Water Revenue Bonds, Series 2004 B
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR October, 2004

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- * FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
- * IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
- * .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA .. *
- * .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633

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

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418

CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PROJECT: (Water) **PERMIT**
New Water Treatment Plant and Water Distribution System Upgrades PERMIT NO.: 15,826

LOCATION: Wayne COUNTY: Wayne DATE: 10-27-2003

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

**Town of Wayne Water Board
Post Office Box 25
Wayne, West Virginia 25570**

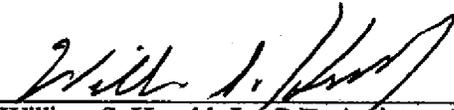
is hereby granted approval to: amend and modify Permit No. 14,549, issued July 11, 2000 and Permit No. 15,157, issued February 21, 2002, for the new water treatment plant for the Town of Wayne. The permit will be extended to October 27, 2005.

- Note #1: This permit is contingent upon all unchanged conditions and requirements of Permit Nos. 14,549 and 15,157 remaining in effect.
- Note #2: The proposed Long Term 2 Enhanced Surface Water Treatment Rule to the federal *Safe Drinking Water Act* may require additional treatment techniques, such as ultra-violet or ozone disinfection, to meet the final *Cryptosporidium* reduction requirements. The Bureau For Public Health strongly recommends provisions be made for future additional treatment techniques, such as ultra-violet or ozone disinfection

The Environmental Engineering Division of the St. Albans District Office (304-722-0611) 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:sec

pc: Woolpert, LLP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Katy Mallory, WVJDC
Wayne County Health Department
OEHS-EED St. Albans District Office

LOAN RESOLUTION
(Public Bodies)

COPY MAR 27 2000

A RESOLUTION OF THE Town Council
OF THE Town of Wayne
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
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Town of Wayne
(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
ONE MILLION TWO HUNDRED NINETY-THREE THOUSAND FIVE HUNDRED AND XX / 100

pursuant to the provisions of Chapter 8, Article 19, 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;

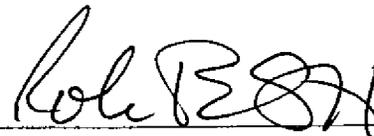
NOW THEREFORE, in consideration of the premises the Association hereby resolves:

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

I, the undersigned, as Recorder of the Town of Wayne
 hereby certify that the Town Council of such Association is composed of
5 members, of whom 5 constituting a quorum, were present at a meeting thereof duly called and
 held on the 13th day of March, 2000; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of October 21, 2004
 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 21st day of October, 2004



Robert E. Scott

Title Recorder

MAR 27 2000

RUS Bulletin 1780-12

Water and Waste System Grant Agreement
United States Department of Agriculture
Rural Utilities Service

COPY

THIS AGREEMENT dated March 13, 2000, between

Town of Wayne

a public corporation organized and operating under

Chapter 8, Article 19, West Virginia Code
(Authorizing Statute)

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (~~waste~~) system to serve the area under its jurisdiction at an estimated cost of \$ 3,800,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 3,543,500 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 3,543,500 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 256,500 or 75 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 75 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

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

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, in accordance with the rules and regulations of the West Virginia Public Service Commission, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

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

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

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

[Revision 1, 04/17/1998]

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

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

Approximately 15,000 LF of 8-inch, 6-inch, and 2-inch waterline, fire hydrants, two water storage tanks, a booster station, various improvements and additions to the water treatment plant and the necessary appurtenances to operate and maintain the Town's water system.

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

[Revision 1, 04/17/1998]

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

- (a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.
- (b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

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

- (1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.
- (2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.
- (3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

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

- (a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.
- (b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

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

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

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

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

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

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

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

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

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.
2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/1997]
3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

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

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 256,500 which it will advance to Grantee to meet not to exceed 75 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

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

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

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

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.
2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/1997]
3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

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

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 256,500 which it will advance to Grantee to meet not to exceed 75 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

September 13, 2000

The Honorable James Ramey, Jr.
Mayor
Town of Wayne
Post Office Box 188
Wayne, West Virginia 25570-0188

Dear Mayor Ramey:

On September 23, 1998, the town of Wayne received a commitment of \$1,250,000 in Small Cities Block Grant funds to upgrade the town of Wayne's water treatment plant and replace portions of the existing water distribution lines.

The SCBG award was based upon your immediate need for funds; and, therefore, only \$500,000 was made available from the FY1998 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the town's ability to proceed with this worthwhile community development project, I am committing the remaining \$750,000 from the FY2000 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

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

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

Very sincerely,

A handwritten signature in black ink, appearing to read "Cecil H. Underwood", with a large, loopy flourish extending from the end of the signature.

Cecil H. Underwood

CHU:jro

cc: Region II PDC

SMALL CITIES BLOCK GRANT CONTRACT
between the
WEST VIRGINIA DEVELOPMENT OFFICE
and the
TOWN OF WAYNE

THIS AGREEMENT, entered into this 26th day of September, 1996, by the West Virginia Department of Finance and Administration on behalf of the West Virginia Development Office, hereinafter called the "State," and the town of Wayne and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

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

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

WHEREAS, the Grantee has prepared a written citizen's participation plan which provides opportunities for citizen participation, hearings, and access to information with respect to the proposed project statement in such a manner as to afford affected citizens an opportunity for examination and comment regarding the proposed project and on the

community development performance of the Grantee, a Community Development Plan, and an Anti-displacement and Relocation Assistance Plan.

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

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

1. **Assistance to Grantee**. The State shall obligate to the Grantee, from funds allocated to the State by Grant Agreement B-96-DC-54-0001, \$500,000 to perform such tasks hereafter described in the Scope of Services.

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

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

The State reserves the right to make final determination on questions regarding changes in the Scope of Services.

4. **Time of Performance.** The Grantee will commence its duties under this Contract on September 26, 1996 and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose of the Contract; but, in any event, all of the services required hereunder shall be completed by September 26, 1999. Completion date of this Contract may only be extended by mutual written agreement of both parties.

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

6. **Administrative Requirements and Procedures.**

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

(B) *Applicable Law.* The Grantee, its agents, and subrecipients shall comply with all the restrictions, conditions, policies, guidelines, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended; with all applicable State and Federal Laws and regulations including 24 CFR Part 570; 24 CFR Part 85; OMB Circulars A-87, A-110, A-122, and A-128, as applicable, in administering and distributing funds provided under this Agreement including, but not limited to, the following:

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

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

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

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

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

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

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

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

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

(9) The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(g) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960;

(d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands, (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Water Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act ; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part 51, Subpart B, Noise Abatement and Control; (n) Subpart C - Siting of HUD Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (o) and Subpart D - Siting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities), the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

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

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

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

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

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

(D) *Audit.* Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted or performed by the State Tax Department. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-128, and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. Units of local government will make audit reports available for public inspection within thirty (30) days after the completion of the audit.

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

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

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

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

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

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

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

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

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

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

The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to their project which has an estimated value of over \$25,000. Any attempts by the Grantee to segregate the project into sections in order to circumvent competitive procurement may be cause for termination of this Agreement under the provisions of Paragraph 9. These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area within a period of fourteen consecutive days with at least an interval of six full days within such period between the date of the first publication and the date of the second publication preceding the final date of submitting bids. The Grantee shall also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, sending notification to the State's Small Business Development Center Division, and by posting notice on a bulletin board in a public place. The Grantee shall have available upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures. The resolution of bid and contract disputes is the responsibility of the Grantee.

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

otherwise, bonding requirements shall be the same as for contracts exceeding \$100,000. If the contracts or subcontracts exceeds \$100,000, the minimum bonding and insurance requirements shall be as follows:

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

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

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

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

(K) *Conflict of Interest.* No officer, agent, member, employee, elected or appointed official of the State, the Grantee, or any public agency or subrecipient receiving

Community Development Block Grant funds who exercises or has exercised any function or responsibilities with respect to activities assisted with Community Development Block Grant funds or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from such activity or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter. The conflict of interest provision of 24 CFR 85.36; 24 CFR 570.489(h); and OMB Circular A-110 also apply as appropriate.

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

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

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

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

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

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

12. **Reporting.** A Final Performance Report shall be submitted to the State with the final request for payment for project costs, excluding audit. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report

as set forth in the appropriate Technical Assistance Guides of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

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

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

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

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

GRANTEE Town of Wayne
Post Office Box 186
Wayne, West Virginia 25570-0186

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

**STATE OF WEST VIRGINIA
WEST VIRGINIA DEVELOPMENT OFFICE**



Thomas C. Burns, Executive Director

TOWN OF WAYNE



By: James Ramey, Jr., III, Mayor

FEDERAL EMPLOYER IDENTIFICATION NUMBER

0465-321-057
F.E.I.N.

ACORD. INSURANCE BINDER

OP ID A#

DATE
07/30/04

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

PRODUCER
 PHONE (A/C, No, Ext): 304-345-8000
 304-345-8014

COMPANY
 Hartford Fire Insurance Co.
 BINDER # 1774

Commercial Insurance Services
 340 MacCorkle Ave. Ste #200
 Charleston WV 25314
 Janet L. Buckley, AAI, CPIW

DATE EFFECTIVE	TIME	EXPIRATION DATE	TIME
08/01/04	12:01	11/29/04	NOON

CODE: _____ SUB CODE: _____
 AGENCY CUSTOMER ID: WAYNE-1

THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY # 14BPECJ9417

INSURED
 Town Of Wayne
 P. O. Box 186
 Wayne WV 25570

DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location)

COVERAGES

LIMITS

TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPEC CAUSES OF LOSS				
GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR RETRO DATE FOR CLAIMS MADE:				EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPROP AGG \$
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$ MEDICAL PAYMENTS \$ PERSONAL INJURY PROT \$ UNINSURED MOTORIST \$
AUTO PHYSICAL DAMAGE DEDUCTIBLE <input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES <input type="checkbox"/> COLLISION: _____ <input type="checkbox"/> OTHER THAN COL: _____				ACTUAL CASH VALUE STATED AMOUNT \$ OTHER
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY. EACH ACCIDENT \$ AGGREGATE \$
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM RETRO DATE FOR CLAIMS MADE:				EACH OCCURRENCE \$ AGGREGATE \$ SELF-INSURED RETENTION \$ WC STATUTORY LIMITS
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY				E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
SPECIAL CONDITIONS/ OTHER COVERAGES Crime Coverage; Employee Dishonesty \$50,000 - \$1,000 Deductible; Money & Securities \$20,000 Inside/Outside - \$1,000 Deductible.				FEES \$ TAXES \$ ESTIMATED TOTAL PREMIUM \$

NAME & ADDRESS

MORTGAGEE LOSS PAYEE LOAN # AUTHORIZED REPRESENTATIVE	ADDITIONAL INSURED
--	--------------------

ACORD INSURANCE BINDER

OP ID A#

DATE
07/30/04

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

PRODUCER Commercial Insurance Services 340 MacCorkle Ave. Sta #200 Charleston WV 25314 Janet L. Buckley, AAI, CPIW	PHONE (A/C, No, Ext): 304-345-8000 304-345-8014	COMPANY Clarendon Insurance Group	BINDER # 1775
CODE: AGENCY CUSTOMER ID: WAYNE-1 INSURED Town Of Wayne P. O. Box 186 Wayne WV 25570	SUB CODE:	DATE EFFECTIVE 08/01/04	TIME 12:01
		EXPIRATION DATE 11/29/04	TIME X 12:01 AM PM NOON
		X THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY # APR 16-00109-03	
DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location)			

COVERAGES		LIMITS		
TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPEC				
GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE		\$
		FIRE DAMAGE (Any one fire)		\$
		MED EXP (Any one person)		\$
		PERSONAL & ADV INJURY		\$
		GENERAL AGGREGATE		\$
		PRODUCTS - COM/OP AGG		\$
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		COMBINED SINGLE LIMIT		\$
		BODILY INJURY (Per person)		\$
		BODILY INJURY (Per accident)		\$
		PROPERTY DAMAGE		\$
		MEDICAL PAYMENTS		\$
		PERSONAL INJURY PROT		\$
		UNINSURED MOTORIST		\$
				\$
AUTO PHYSICAL DAMAGE DEDUCTIBLE <input type="checkbox"/> COLLISION: _____ <input type="checkbox"/> OTHER THAN COL: _____	<input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES	ACTUAL CASH VALUE		
		STATED AMOUNT		\$
		OTHER		
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO		AUTO ONLY - EA ACCIDENT		\$
		OTHER THAN AUTO ONLY:		
		EACH ACCIDENT		\$
		AGGREGATE		\$
EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE		\$1,000,000
		AGGREGATE		\$1,000,000
		SELF-INSURED RETENTION		\$10,000
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY		WC STATUTORY LIMITS		
		E.L. EACH ACCIDENT		\$
		E.L. DISEASE - EA EMPLOYEE		\$
		E.L. DISEASE - POLICY LIMIT		\$
SPECIAL CONDITIONS/ OTHER COVERAGES		FEES		\$
		TAXES		\$
		ESTIMATED TOTAL PREMIUM		\$

NAME & ADDRESS		MORTGAGEE	ADDITIONAL INSURED
		LOSS PAYEE	
		LOAN #	
		AUTHORIZED REPRESENTATIVE	
			

ACORD INSURANCE BINDER

OP ID A1

DATE
07/30/04

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

PRODUCER
 PHONE (A/C, No, Ext): 304-345-8000
 304-345-8014
 Commercial Insurance Services
 340 MacCorkle Ave. Ste #200
 Charleston WV 25314
 Janet L. Buckley, AAI, CPIW

COMPANY
 BINDER # 1776
 Clarendon Insurance Group

DATE	EFFECTIVE	TIME	EXPIRATION	TIME
08/01/04	12:01	<input checked="" type="checkbox"/> AM <input type="checkbox"/> PM	11/29/04	<input checked="" type="checkbox"/> 12:01 AM <input type="checkbox"/> NOON

CODE: _____ SUB CODE: _____
 AGENCY CUSTOMER ID: WAYNE-1
 INSURED
 Town Of Wayne
 P. O. Box 186
 Wayne WV 25570

THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY #: APR 11-00109-03

DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (including Location)

COVERAGES LIMITS

TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPEC				
GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR RETRO DATE FOR CLAIMS MADE:		EACH OCCURRENCE	\$	
		FIRE DAMAGE (Any one fire)	\$	
		MED EXP (Any one person)	\$	
		PERSONAL & ADV INJURY	\$	
		GENERAL AGGREGATE	\$	
		PRODUCTS - COMP/OP AGG	\$	
AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		COMBINED SINGLE LIMIT	\$	1,000,000
		BODILY INJURY (Per person)	\$	
		BODILY INJURY (Per accident)	\$	
		PROPERTY DAMAGE	\$	
		MEDICAL PAYMENTS	\$	5,000
		PERSONAL INJURY PROT	\$	
		UNINSURED MOTORIST	\$	1,000,000
		Underinsured Mot	\$	1,000,000
AUTO PHYSICAL DAMAGE <input checked="" type="checkbox"/> COLLISION: 500* <input checked="" type="checkbox"/> OTHER THAN COL: 500*	<input type="checkbox"/> ALL VEHICLES <input checked="" type="checkbox"/> SCHEDULED VEHICLES	ACTUAL CASH VALUE		
		STATED AMOUNT	\$	
		OTHER		
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO		AUTO ONLY - EA ACCIDENT	\$	
		OTHER THAN AUTO ONLY		
		EACH ACCIDENT	\$	
		AGGREGATE	\$	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM RETRO DATE FOR CLAIMS MADE:		EACH OCCURRENCE	\$	
		AGGREGATE	\$	
		SELF-INSURED RETENTION	\$	
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY		WC STATUTORY LIMITS		
		E.L. EACH ACCIDENT	\$	
		E.L. DISEASE - EA EMPLOYEE	\$	
		E.L. DISEASE - POLICY LIMIT	\$	
SPECIAL CONDITIONS/ OTHER COVERAGES * Comprehensive and collision deductibles are \$500/\$500 except for 2003 Freightliner Garbage Truck which is \$1,000/\$1,000.		FEES	\$	
		TAXES	\$	
		ESTIMATED TOTAL PREMIUM	\$	

NAME & ADDRESS

MORTGAGEE	ADDITIONAL INSURED
LOSS PAYEE	
LOAN #	
AUTHORIZED REPRESENTATIVE	

ACORD INSURANCE BINDER

OF ID A#

DATE
07/30/04

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

PRODUCER
PHONE (A/C, No, Ext): 304-345-8000
304-345-8014

COMPANY
BINDER # 1777
Clarendon Insurance Group

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314

DATE	EFFECTIVE TIME	TIME	EXPIRATION DATE	TIME
08/01/04	12:01	<input checked="" type="checkbox"/> AM <input type="checkbox"/> PM	11/29/04	<input checked="" type="checkbox"/> 12:01 AM <input type="checkbox"/> NOON

Janet L. Buckley, AAI, CPIW

THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY #: APR 12-00109-03

CODE: SUB CODE:
AGENCY CUSTOMER ID: WAYNE-1
INSURED

DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (including Location)

Town Of Wayne
P. O. Box 186
Wayne WV 25570

COVERAGES LIMITS

TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPEC				
GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	RETRO DATE FOR CLAIMS MADE:			EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$500,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$ MEDICAL PAYMENTS \$ PERSONAL INJURY PROT \$ UNINSURED MOTORIST \$
AUTO PHYSICAL DAMAGE DEDUCTIBLE <input type="checkbox"/> COLLISION: _____ <input type="checkbox"/> OTHER THAN COL. _____	<input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES			ACTUAL CASH VALUE \$ STATED AMOUNT \$ OTHER \$
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:			EACH OCCURRENCE \$ AGGREGATE \$ SELF-INSURED RETENTION \$
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY				<input checked="" type="checkbox"/> WC STATUTORY LIMITS C.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
SPECIAL CONDITIONS/ OTHER COVERAGES General Liability Includes: Law Enforcement, Public Officials, & Employment Practices \$2,500 Deductible.				FEES \$ TAXES \$ ESTIMATED TOTAL PREMIUM \$

NAME & ADDRESS

MORTGAGEE	ADDITIONAL INSURED
LOSS PAYEE	
LOAN #	
AUTHORIZED REPRESENTATIVE	

ACORD INSURANCE BINDER

OP ID A#

DATE
07/30/04

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

PRODUCER PHONE (AC, No, Ext): 304-345-8000 304-345-8014		COMPANY Great American Insurance Co.		BINDER # 1778
Commercial Insurance Services 340 MacCorkle Ave. Ste #200 Charleston WV 25314 Janet L. Buckley, AAI, CPIW		EFFECTIVE DATE 08/01/04		EXPIRATION DATE 11/29/04
CODE: AGENCY CUSTOMER ID: WAYNE-1 INSURED Town Of Wayne P. O. Box 186 Wayne WV 25570		TIME 12:01		TIME X 12 01 AM PM NOON
SUB CODE:		X THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY #: MAC 699-45-23		
DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location)				

COVERAGES

LIMITS

TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input checked="" type="checkbox"/> SPEC <input checked="" type="checkbox"/> Inland Marine <input checked="" type="checkbox"/> Boiler & Machinery	Buildings Contents Contractors Equipment Equipment Breakdown	1,000* 1,000* 1,000 1,000*	100 100 100 100	3,354,876 Included 212,008 Included
GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$		
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$ MEDICAL PAYMENTS \$ PERSONAL INJURY PROT \$ UNINSURED MOTORIST \$		
AUTO PHYSICAL DAMAGE DEDUCTIBLE <input type="checkbox"/> COLLISION <input type="checkbox"/> OTHER THAN COL	<input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES	ACTUAL CASH VALUE STATED AMOUNT \$ OTHER		
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO		AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$		
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE \$ AGGREGATE \$ SELF-INSURED RETENTION \$ WC STATUTORY LIMITS		
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY		E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$		
SPECIAL CONDITIONS/ OTHER COVERAGES * Pump and Lift Stations have a \$5,000 deductible on buildings and contents. Building and Contents are now on a scheduled basis.		FEES \$ TAXES \$ ESTIMATED TOTAL PREMIUM \$		

NAME & ADDRESS

<input type="checkbox"/> MORTGAGEE <input type="checkbox"/> LOSS PAYEE	<input type="checkbox"/> ADDITIONAL INSURED
LOAN #	
AUTHORIZED REPRESENTATIVE 	

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AIR
WAYNE-1

DATE (MM/DD/YYYY)
07/30/04

PRODUCER Commercial Insurance Services 340 MacCorkle Ave. Ste #200 Charleston WV 25314 Phone: 304-345-8000 Fax: 304-345-8014	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Town Of Wayne P. O. Box 186 Wayne WV 25570	INSURER A: Clarendon Insurance Group	16691
	INSURER B: Great American Insurance Co.	
	INSURER C:	
	INSURER D:	
	INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	APR 12-00109-04	08/01/04	08/01/05	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$500,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP ACC \$2,000,000 Emp Ben. 1,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	APR 11-00109-04	08/01/04	08/01/05	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
A	EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$10,000	APR 16-00109-04	08/01/04	08/01/05	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000 \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	APR 12-00109-04	08/01/04	08/01/05	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
B	Property Section	MAC 699-45-28-01	08/01/04	08/01/05	Contents 20,249

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as additional insured and loss payee as respects \$19,659 Computer System at New City Hall, 1300 Norfolk Avenue, Wayne, WV 25570.

CERTIFICATE HOLDER

BCBPHI1

BCBank, Inc
 Ronald Solomon
 107 Pike St.
 Philippi WV 26416

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID A11
WAYNE-1

DATE (MM/DD/YYYY)
07/30/04

PRODUCER
Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

INSURED
Town Of Wayne
P. O. Box 186
Wayne WV 25570

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Clarendon Insurance Group	
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRG	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	APR 12-00109-04	08/01/04	08/01/05	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. 1,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	APR 11-00109-04	08/01/04	08/01/05	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC AGR \$
A	EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$10,000	APR 16-00109-04	08/01/04	08/01/05	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	APR 12-00109-04	08/01/04	08/01/05	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Certificate holder is named as additional insured and loss payee as respects 2003 Freightliner Garbage Truck S#1FVABXAK73DL12020 valued at \$88,452 subject to \$1,000 Comprehensive and \$1,000 Collision Deductibles.

CERTIFICATE HOLDER

SUMME-2
 Summit Community Bank, Inc.
 Mark Wright
 P. O. Box 680
 Moorefield WV 26836

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
 AUTHORIZED REPRESENTATIVE


ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH
WAYNE-1

DATE (MM/DD/YYYY)
07/30/04

PRODUCER
Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

INSURED
Town Of Wayne
P. O. Box 186
Wayne WV 25570

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Clarendon Insurance Group	
INSURER B:	Great American Insurance Co.	16691
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR ADD'LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	APR 12-00109-04	08/01/04	08/01/05	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. 1,000,000
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	APR 11-00109-04	08/01/04	08/01/05	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY EA ACC AGG \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY EA ACC AGG \$
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$10,000	APR 16-00109-04	08/01/04	08/01/05	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$ \$ \$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	APR 12-00109-04	08/01/04	08/01/05	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B		Equipment Floater	MAC 699-45-28-01	08/01/04	08/01/05	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate Holder is named as lienholder as respects Case Loader/Backhoe Model 580SM S#JYG0283905 with Tramac Model 140 Hammer S#139099 valued at \$77,164 subject to \$1,000 Deductible.

CERTIFICATE HOLDER

CABAGIL

Case Credit
100 Brubaker Avenue
New Holland PA 17557

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: October 21, 2004
Re: Town of Wayne Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Series 2004 B (West Virginia DWTRF Program)

1. DISBURSEMENTS TO TOWN OF WAYNE

- A. Payor: United States of America, Department of Agriculture
Amount: \$24,000
Form: ACH Transfer
Payee: Town of Wayne
Bank: City National Bank of West Virginia
Routing #: 0519 04524
Account #: 7000021822
Contact: Ms. Virginia M. McDonald ((304) 420-6666)
Account: Town of Wayne Series 2004 Bonds Construction Trust Fund
- B. Payor: West Virginia Bureau for Public Health
Amount: \$48,125
Form: Wire Transfer
Payee: Town of Wayne
Bank: City National Bank of West Virginia
Routing #: 0519 04524
Account #: 7000021822
Contact: Mr. Walt Ivey, P.E. ((304) 558-2981)
Account: Town of Wayne Series 2004 Bonds Construction Trust Fund

**State of West Virginia
WATER DEVELOPMENT AUTHORITY**

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date October 21, 2004 Time 9:00 a.m. LGA Town of Wayne Program DWTRF/RUS

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
<i>Samme Cee</i>	<i>Jackson Kelly LLC</i>	<i>340.1318</i>	<i>340.1880</i>	<i>sgce@jacksonkelly.com</i>
<i>Bernie Yonkosky</i>	<i>WV WATER DEV AUTH</i>	<i>558-3612</i>	<i>558-0299</i>	<i>byonkosky@wvwda.org</i>
<i>John Stump</i>	<i>Steele & Johnson PLLC</i>	<i>353.8196</i>	<i>353.8181</i>	<i>stumpj@steelejohson.com</i>
<i>Barbara B Meadows</i>	<i>Water Development Authority</i>	<i>558-3612</i>	<i>558-0299</i>	<i>bmeadows@wvwda.org</i>
<i>Douglas A. Olds</i>	<i>WV Water Dev. Auth.</i>	<i>558-3612</i>	<i>558-0299</i>	<i>dolds@wvwda.org</i>

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

Name James Ramey, Mayor Telephone 304.272.3221 E-Mail N/A
Address P.O. Box 186, Wayne West Virginia 25570

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

TOWN OF WAYNE

Water Revenue Bonds, Series 2004 A

RECEIPT OF DEPOSITORY BANK

I, Terry Childers, the undersigned duly authorized representative of the City National Bank, Wayne, West Virginia (the "Bank"), hereby certify that on October 21, 2004, the Bank received an automated clearinghouse transfer in the amount of \$24,000 to the credit of the Town of Wayne, Water System Construction Account, Account Number 7000021822.

WITNESS my signature on this 21st day of October, 2004.

CITY NATIONAL BANK OF WEST VIRGINIA

By: _____

Its: Senior Vice President

10/12/04
946610.00001