

TOWN OF CEDAR GROVE

**Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)**

Date of Closing: July 31, 2002

BOND TRANSCRIPT

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BOND TRANSCRIPT

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**TOWN OF CEDAR GROVE
SEWER REVENUE BONDS, SERIES 2002
(WEST VIRGINIA SRF PROGRAM)**

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TOWN OF CEDAR GROVE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEDAR GROVE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA SRF 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 BOND PURCHASE 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 TOWN OF CEDAR GROVE:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 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 Cedar Grove (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and

improvements to the existing public sewerage system of the Issuer, consisting of replacing an eight inch sanitary sewer line, in the vicinity of Grant Street and Horse Mill Hollow Road, constructing a new 24" storm sewer line with manholes and inlets, and to regrading and repaving the street, including additions of concrete curbs and gutters; and in the vicinity of East George Street, Lewis Street, Williams Street and Alexander Street an existing 24 inch sanitary sewer line will be replaced with a new 30 inch storm sewer line together with manholes and inlets and with the replumbing of cross drainage structures, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance 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"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), in the total aggregate principal amount of not more than \$2,000,000 (the "Series 2002 Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; amounts which may be deposited in the Series 2002 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter 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 2002 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 2002 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 30 years.

F. It is in the best interests of the Issuer that its Series 2002 Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Bond Purchase Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1994, dated September 2, 1994, issued in the original aggregate principal amount of \$222,000 (the "Prior Bonds").

The Series 2002 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2002 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinances.

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

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2002 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public 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 2002 Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2002 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 Bonds by those who shall be 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 Registered Owners of any and all of such Series 2002 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 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 DEP 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.

"Board" means the Sanitary Board of the Issuer.

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2002 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.

"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 2002 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2002 Bonds for all or a portion of the proceeds of the Series 2002 Bonds from the Authority and the DEP.

"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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

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

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

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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



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

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

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2002 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 Bonds 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 2002 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 SRF 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 or Prior Bonds and as of any particular date, describes all Bonds and Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or the registrar for Prior Bonds at or prior to said date; (ii) any Bond or Prior Bonds 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; (iv) any Prior Bond deemed to have been paid in accordance with the resolution authorizing the issuance thereof; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior 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 other entity or authority designated as such for the Series 2002 Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, Series 1994, dated September 2, 1994, issued in the original aggregate principal amount of \$222,000.

"Prior Ordinances" means the ordinance of the Issuer, including all amendments and supplements thereto, authorizing the issuance of the Prior Bonds.

"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.

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

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, 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 created by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 2002 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2002 Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2002 Bonds" means the Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2002 Bonds Construction Trust Fund" means the Series 2002 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 Bonds Reserve Account" means the Series 2002 Bonds Reserve Account established in the Series 2002 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal which will become due on the Series 2002 Bonds in the then current or any succeeding year.

"Series 2002 Bonds Sinking Fund" means the Series 2002 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Prior Bonds and the Series 2002 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Bond Purchase Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 2002 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2002 Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means, collectively, the complete existing municipal sewage treatment and collection system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any and all additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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 \$2,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2002 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, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed \$2,000,000, which will be obtained from proceeds of the Series 2002 Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of funding a reserve account for the Series 2002 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 2002 Bonds of the Issuer. The Series 2002 Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program)", in the principal amount of not more than \$2,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 Bonds remaining after funding of the Series 2002 Bonds Reserve Account (if funded from Bond proceeds) shall be deposited in or credited to the Series 2002 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2002 Bonds shall be issued in such principal amount payable quarterly on such dates; shall bear no interest, shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2002 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.

Unless otherwise provided by the Supplemental Resolution, the Series 2002 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 2002 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2002 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear no interest as of the date specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002 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 2002 Bonds shall cease to be such officer of the Issuer before the Series 2002 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2002 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 the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2002 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2002 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002 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 2002 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 2002 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2002 Bonds.

The registered Series 2002 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2002 Bonds or transferring the registered Series 2002 Bonds are exercised, all Series 2002 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2002 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2002 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2002 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2002 Bonds or, in the case of any proposed redemption of Series 2002 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 2002 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 2002 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2002 Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2002 Bonds and the Prior 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 to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2002 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2002 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Bond Purchase Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2002 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF CEDAR GROVE
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA SRF PROGRAM)

No. R - _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF CEDAR GROVE, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 _____ (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1,200 ____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a Reserve Account for this Bond; and (iii) to pay certain costs of

issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1994, DATED SEPTEMBER 2, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$222,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2002 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 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 Prior Bonds; provided however, that so long as there exists in the Series 2002 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 Prior 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 (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, TOWN OF CEDAR GROVE 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 _____, 2002.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: _____, 2002.

BRANCH BANKING AND TRUST COMPANY
as Registrar

Authorized Officer

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 Bond Purchase Agreement. The Series 2002 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase 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 Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Complete Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, 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 (or continued if previously established by the Prior Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Renewal and Replacement Fund (established by the Prior Ordinances); and
- (3) Series 2002 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 2002 Bonds Sinking Fund; and
- (2) Series 2002 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 the Prior Ordinances and 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 and in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner order of priority:

- (1) The Issuer shall first, each month, pay from the monies in the Revenue Fund the Operating Expenses of the System.
- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Sinking Fund, the amount required by the Prior Ordinances to pay interest on the Prior Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1994 Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the principal of the Series 1994 Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 Bonds, for deposit in the Series 2002 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 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 2002 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1994 Bonds Reserve Account, the amount required by the Prior Ordinances; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 Bonds, if not fully funded upon issuance of the Series 2002 Bonds, for deposit in the Series 2002 Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 Bonds Reserve Requirement.

(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 (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to

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

Monies in the Series 2002 Bonds Sinking Fund shall be used only for the purposes of paying principal of the Series 2002 Bonds as the same shall become due. Monies in the Series 2002 Bonds Reserve Account shall be used only for the purposes of paying principal of the Series 2002 Bonds as the same shall come due, when other monies in the Series 2002 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full to the next ensuing principal payment due on the Series 2002 Bonds.

Any withdrawals from the Series 2002 Bonds Reserve Account which result in a reduction in the balance of the Series 2002 Bonds Reserve Account to below the Series 2002 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2002 Bonds are issued, provision shall be made for additional payments into the respective sinking fund 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 account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002 Bonds Sinking Fund or into the Series 2002 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 Bonds issued pursuant to this Bond Legislation then Outstanding.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2002 Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account created

hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 Bonds Sinking Fund, including the Series 2002 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 Bonds 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), deposit with the Commission the required principal and reserve account payments with respect to the Series 2002 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

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

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 and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority anytime make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by 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 relevant provisions of the Prior Ordinances, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission and 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 Series 2002 Bonds 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 2002 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 Bonds, there shall be deposited with the Commission in the Series 2002 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2002 Bonds Reserve Account.

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 Bonds, such monies shall be deposited with the Depository Bank in the 2002 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 expended, are hereby pledged as additional security for the Series 2002 Bonds.

C. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 Bonds shall be expended as directed by the DEP.

Section 6.02. Disbursements From the Series 2002 Bonds Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2002 Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the DEP of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase 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.

B. Pending such application, monies in the Series 2002 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2002 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 2002 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 2002 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bonds.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2002 Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2002 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 Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted June 15, 2002, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2002 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 Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2002 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2002 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, 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 2002 Bonds, immediately be remitted to the Commission for deposit in the Series 2002 Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal on the Series 2002 Bonds. Any balance remaining after the payment of the Bonds shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, 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 the Consulting Engineers 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 remitted by the Issuer to the Commission for deposit in the Sinking Funds for prepayment of the Bonds. The payment of such proceeds into the Renewal and Replacement Fund and the Sinking Funds shall not reduce the amounts required to be paid into such funds 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 obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2002 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2002 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2002 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2002 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall

be issued after the issuance of the Series 2002 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, betterments or improvements to the System or refunding the Series 2002 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by 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 Bond Legislation then Outstanding;
and
- (3) The Parity Bonds then proposed to be issued.

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

The Net Revenues actually derived from the System during the 12-consecutive month period 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, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds 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 Net Revenues of the System and their source of and security for payment from said Net 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 lien of the Series 2002 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 2002 Bonds.

No Parity Bonds shall be issued at any time, however, unless all of 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 the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

The Issuer shall permit the Authority and the DEP or their agents and representatives, to inspect all records pertaining to the operation and maintenance 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 Governing Body. 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 Authority and the DEP, or any other original purchaser of the Series 2002 Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 Bonds, requesting the same, an annual report containing the following:

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 2002 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2002 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase 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 Bond Purchase 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 provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

The Issuer shall permit the Authority and the DEP, 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 provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2002 Bonds, equitable rates or charges for the use of and service rendered by the System have been 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the

Series 2002 Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2002 Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2002 Bonds, including the Prior 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 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 DEP and the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the DEP and 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 DEP, the Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two 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 Bond Purchase Agreement, and forward a copy of such report to the DEP and the Authority 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 Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority

and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority and the DEP 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 SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP 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 Bond Purchase Agreement. The Issuer shall notify the DEP 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, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2002 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 Bond Purchase Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

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

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the

Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2002 Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. 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 2002 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 2002 Bonds during the term thereof is, under the terms of the Series 2002 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 2002 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 2002 Bonds during the term thereof is, under the terms of the Series 2002 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 2002 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 2002 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 that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% or \$5,000,000 of the Net Proceeds of the Series 2002 Bonds 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 2002 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2002 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 2002 Bonds will be and remain excludable 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. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2002 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 DEP before expending any proceeds of the Series 2002 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2002 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2002 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 2002 Bonds as a condition to issuance of the Series 2002 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 2002 Bonds as may be necessary in order to maintain the status of the Series 2002 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 2002 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, the West Virginia Infrastructure and Jobs Development Council or the DEP, as the case may be, from which the proceeds of the Series 2002 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, the West Virginia Infrastructure and Jobs Development Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2002 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 2002 Bonds:

(1) If default occurs in the due and punctual payment of the principal of the Series 2002 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 2002 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner 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 2002 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

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 said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2002 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 2002 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 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 2002 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2002 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2002 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 exclusion of interest, if any, on the Series 2002 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 2002 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 2002 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided

that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

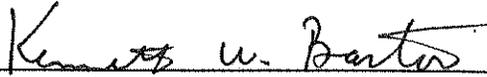
Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Charleston Gazette, a newspaper of general circulation in the Town of Cedar Grove, there being no qualified newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2002 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: - April 6, 2002

Passed on Second Reading: - April 20, 2002

Passed on Final Reading
Following Public
Hearing: - May 4, 2002



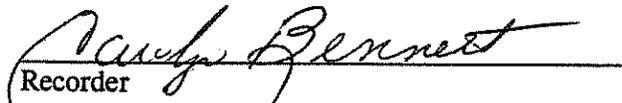
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of TOWN
OF CEDAR GROVE on the 4th day of May, 2002.

Dated: July 31, 2002.

[SEAL]

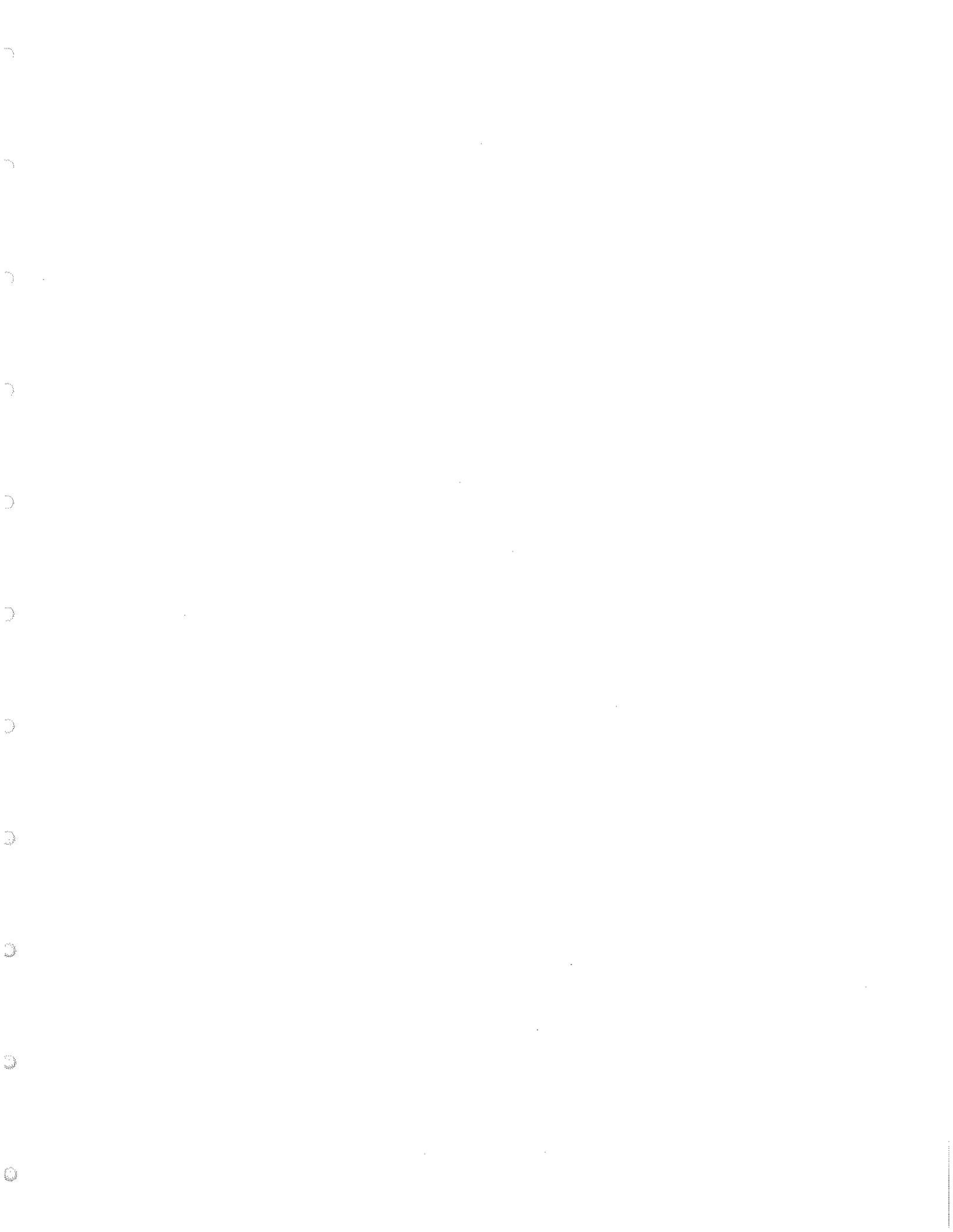

Recorder

04/10/02
135050.00001

CH513422.1

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document 3.



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF CEDAR GROVE; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Cedar Grove (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective May 4, 2002 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEDAR GROVE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA SRF 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 BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 2002 Bonds"), in an aggregate principal amount not to exceed \$2,000,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2002 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer;

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

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

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

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 Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$1,500,000. The Series 2002 Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2033 and shall bear no interest. The principal of the Series 2002 Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, and maturing June 1, 2033, 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 2002 Bonds. The Series 2002 Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, 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 2002 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2002 Bonds set forth in the "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.

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 DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

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

Section 7. Series 2002 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2002 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2002 Bonds proceeds in the amount of \$50,000 shall be deposited in the Series 2002 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2002 Bonds shall be deposited in or credited to the Series 2002 Bonds Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about July 31, 2002, to the Authority pursuant to the Loan Agreement.

Section 11. 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 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 20th day of July, 2002.

By: Kenneth W. Burtis
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Cedar Grove on the 20th day of July, 2002.

Dated: July 31, 2002.

[SEAL]


Recorder

07/12/02
135050.00001

SRF-BPA-1
(06/06/02)

BOND PURCHASE AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (the "DEP"), and the local government designated below (the "Local Government").

TOWN OF CEDAR GROVE
(Local Government)

WITNESSETH:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP 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 DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

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

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment 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 Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

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

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP 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 government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

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

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

1.6 "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.

1.7 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in

part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations, as amended.

1.10 "System" means the wastewater treatment facility owned by the Local Government, 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.

1.11 Additional terms and phrases are defined in this Bond Purchase 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 Government by the Consulting Engineers, the DEP 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 Bond Purchase Agreement and the Local Act, the Local Government 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 Government 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 Government, 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 DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP 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 Government further agrees that the Authority and DEP 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 DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Government shall permit the Authority and DEP, 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 Government shall submit to the Authority and DEP 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 Local Bonds proceeds or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government 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 Government 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 Government 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 DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) 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 Government, 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 Government on or before the Date of 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 Government 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 Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP 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, DEP and the Local Government 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 Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government 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 Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP 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 Government, 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 B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to purchase the Local Bonds is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

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

(c) The Local Government 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 Government 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 proceeds of the Local Bonds will refund an interim construction financing, the Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Government 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 DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government 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 DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, 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 DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, 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 DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF 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 purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase 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 Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase 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 Government 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, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing." Notwithstanding the foregoing, the Date of Closing shall in no event occur more than ninety (90) days after the date of execution of this Bond Purchase Agreement by the Authority or such later date as is agreed to in writing by DEP.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local

Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government 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 such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to purchase the Local Bonds, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government 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 Government 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 net or gross revenues 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 Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that 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 such 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 Government 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 DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Local Government 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 Government 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 Government 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 Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Bond Purchase Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government 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 DEP 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 Government and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, 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 Government may authorize redemption of the Local Bonds with 30 days written notice to 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 Government 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 Government shall complete the Monthly Payment Form, attached hereto as Exhibit F 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 Government 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 Government 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 DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP 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 Government shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP 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 Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Government 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 G.

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government 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 Government, the DEP 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 SRF 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 Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

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

4.6 The obligation of the Authority to purchase the Local Bonds 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 purchase the Local Bonds.

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, 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 Bond Purchase Agreement, the Local Government 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 Bond Purchase Agreement.

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

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, 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 Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government 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 Bond Purchase Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase 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 purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government 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 SRF Regulations or this Bond Purchase Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of 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 Local Bonds.

6.4 The Local Government 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 Government fails to make any such rebates as required, then the Local Government 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 DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

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

ARTICLE VII

Miscellaneous

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

7.2 If any provision of this Bond Purchase 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 Bond Purchase Agreement, and this Bond Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

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

7.6 By execution and delivery of this Bond Purchase Agreement, notwithstanding the date hereof, the Local Government 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 Bond Purchase Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

(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 DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

TOWN OF CEDAR GROVE

[Name of Local Government]

(SEAL)

By: Kenneth W. Banta

Its: Mayor

Attest:

Date: July 9 2002

Carolyn Bennett
Its: Recorder

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER RESOURCES

By: Ally C. Turner by ADB
Its: Director
Date: 7/12/02

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Youkash

Its: Director

Attest:

Date: July 3, 2002

Barbara B. Meadows
Its: Secretary-Treasurer

000832/00372
06/06/02

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____
 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 Government 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 Government 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 Government.

The Local Government 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 C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), 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 the DEP and any change orders approved by the Issuer, the DEP 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 bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP 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 Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; 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 _____, _____.

By _____

West Virginia License No. ____

[SEAL]

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 "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 E

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT - The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, ground breaking 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.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives \$300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. APPROVABLE SEWER line cleaning subcontract.

D. APPROVABLE PROJECT coordinator agreement.

E. THE UNOBLIGATED money in the "Restricted Miscellaneous" line item of the approved DEP budget must be spent in the following prioritized order:

- 1) Repairing of any latent sewer line damage discovered after the sewer line cleaning.
- 2) Clean, televise, and repair as necessary the existing sewer line connecting Grant Street and Keenan Hill.
- 3) Purchase replacement pumps for all of the Town's existing pump stations.
- 4) Purchase a small sewer cleaner.
- 5) Purchase a loader-backhoe and small dump truck to allow the Town to properly maintain its aging sewer system.

The above services have been incorporated from the Town's March 15, 2002, letter requesting DEP's approval to keep the unobligated balance of the proposed loan. The Town proposes to use these funds to ensure compliance with CSO Long-Term Compliance Plan.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Local Government] on [Date].

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated ____, ____, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, __ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of \$ _____, in the form of one bond, registered as to principal only to the Authority, with principal 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 Bond Purchase 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 Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase 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 Bond Purchase 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 Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.
2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.
3. The Local Government 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 Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government 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 Bond Purchase Agreement.
5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.
6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$1,500,000
Purchase Price of Local Bonds \$1,500,000

The Local Bonds shall bear no interest. Commencing September 1, 2003, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. 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 Government 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 Government 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 Government 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 only and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government 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 Government: Sewer Revenue Bonds, Series 1994, dated September 2, 1994, issued in the original principal amount of \$222,000.

SCHEDULE Y

Town of Cedar Grove (West Virginia)
 Loan of \$1,500,000
 30 Years, 0% Interest Rate, 1/2% Administrative Fee
 Closing Date: July 31, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	12,500.00	-	12,500.00
12/01/2003	12,500.00	-	12,500.00
3/01/2004	12,500.00	-	12,500.00
6/01/2004	12,500.00	-	12,500.00
9/01/2004	12,500.00	-	12,500.00
12/01/2004	12,500.00	-	12,500.00
3/01/2005	12,500.00	-	12,500.00
6/01/2005	12,500.00	-	12,500.00
9/01/2005	12,500.00	-	12,500.00
12/01/2005	12,500.00	-	12,500.00
3/01/2006	12,500.00	-	12,500.00
6/01/2006	12,500.00	-	12,500.00
9/01/2006	12,500.00	-	12,500.00
12/01/2006	12,500.00	-	12,500.00
3/01/2007	12,500.00	-	12,500.00
6/01/2007	12,500.00	-	12,500.00
9/01/2007	12,500.00	-	12,500.00
12/01/2007	12,500.00	-	12,500.00
3/01/2008	12,500.00	-	12,500.00
6/01/2008	12,500.00	-	12,500.00
9/01/2008	12,500.00	-	12,500.00
12/01/2008	12,500.00	-	12,500.00
3/01/2009	12,500.00	-	12,500.00
6/01/2009	12,500.00	-	12,500.00
9/01/2009	12,500.00	-	12,500.00
12/01/2009	12,500.00	-	12,500.00
3/01/2010	12,500.00	-	12,500.00
6/01/2010	12,500.00	-	12,500.00
9/01/2010	12,500.00	-	12,500.00
12/01/2010	12,500.00	-	12,500.00
3/01/2011	12,500.00	-	12,500.00
6/01/2011	12,500.00	-	12,500.00
9/01/2011	12,500.00	-	12,500.00
12/01/2011	12,500.00	-	12,500.00
3/01/2012	12,500.00	-	12,500.00
6/01/2012	12,500.00	-	12,500.00
9/01/2012	12,500.00	-	12,500.00
12/01/2012	12,500.00	-	12,500.00
3/01/2013	12,500.00	-	12,500.00
6/01/2013	12,500.00	-	12,500.00
9/01/2013	12,500.00	-	12,500.00
12/01/2013	12,500.00	-	12,500.00
3/01/2014	12,500.00	-	12,500.00

Town of Cedar Grove (West Virginia)
 Loan of \$1,500,000
 30 Years, 0% Interest Rate, 1/2% Administrative Fee
 Closing Date: July 31, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	12,500.00	-	12,500.00
9/01/2014	12,500.00	-	12,500.00
12/01/2014	12,500.00	-	12,500.00
3/01/2015	12,500.00	-	12,500.00
6/01/2015	12,500.00	-	12,500.00
9/01/2015	12,500.00	-	12,500.00
12/01/2015	12,500.00	-	12,500.00
3/01/2016	12,500.00	-	12,500.00
6/01/2016	12,500.00	-	12,500.00
9/01/2016	12,500.00	-	12,500.00
12/01/2016	12,500.00	-	12,500.00
3/01/2017	12,500.00	-	12,500.00
6/01/2017	12,500.00	-	12,500.00
9/01/2017	12,500.00	-	12,500.00
12/01/2017	12,500.00	-	12,500.00
3/01/2018	12,500.00	-	12,500.00
6/01/2018	12,500.00	-	12,500.00
9/01/2018	12,500.00	-	12,500.00
12/01/2018	12,500.00	-	12,500.00
3/01/2019	12,500.00	-	12,500.00
6/01/2019	12,500.00	-	12,500.00
9/01/2019	12,500.00	-	12,500.00
12/01/2019	12,500.00	-	12,500.00
3/01/2020	12,500.00	-	12,500.00
6/01/2020	12,500.00	-	12,500.00
9/01/2020	12,500.00	-	12,500.00
12/01/2020	12,500.00	-	12,500.00
3/01/2021	12,500.00	-	12,500.00
6/01/2021	12,500.00	-	12,500.00
9/01/2021	12,500.00	-	12,500.00
12/01/2021	12,500.00	-	12,500.00
3/01/2022	12,500.00	-	12,500.00
6/01/2022	12,500.00	-	12,500.00
9/01/2022	12,500.00	-	12,500.00
12/01/2022	12,500.00	-	12,500.00
3/01/2023	12,500.00	-	12,500.00
6/01/2023	12,500.00	-	12,500.00
9/01/2023	12,500.00	-	12,500.00
12/01/2023	12,500.00	-	12,500.00
3/01/2024	12,500.00	-	12,500.00
6/01/2024	12,500.00	-	12,500.00
9/01/2024	12,500.00	-	12,500.00
12/01/2024	12,500.00	-	12,500.00
3/01/2025	12,500.00	-	12,500.00
6/01/2025	12,500.00	-	12,500.00
9/01/2025	12,500.00	-	12,500.00
12/01/2025	12,500.00	-	12,500.00

Town of Cedar Grove (West Virginia)
 Loan of \$1,500,000
 30 Years, 0% Interest Rate, 1/2% Administrative Fee
 Closing Date: July 31, 2002

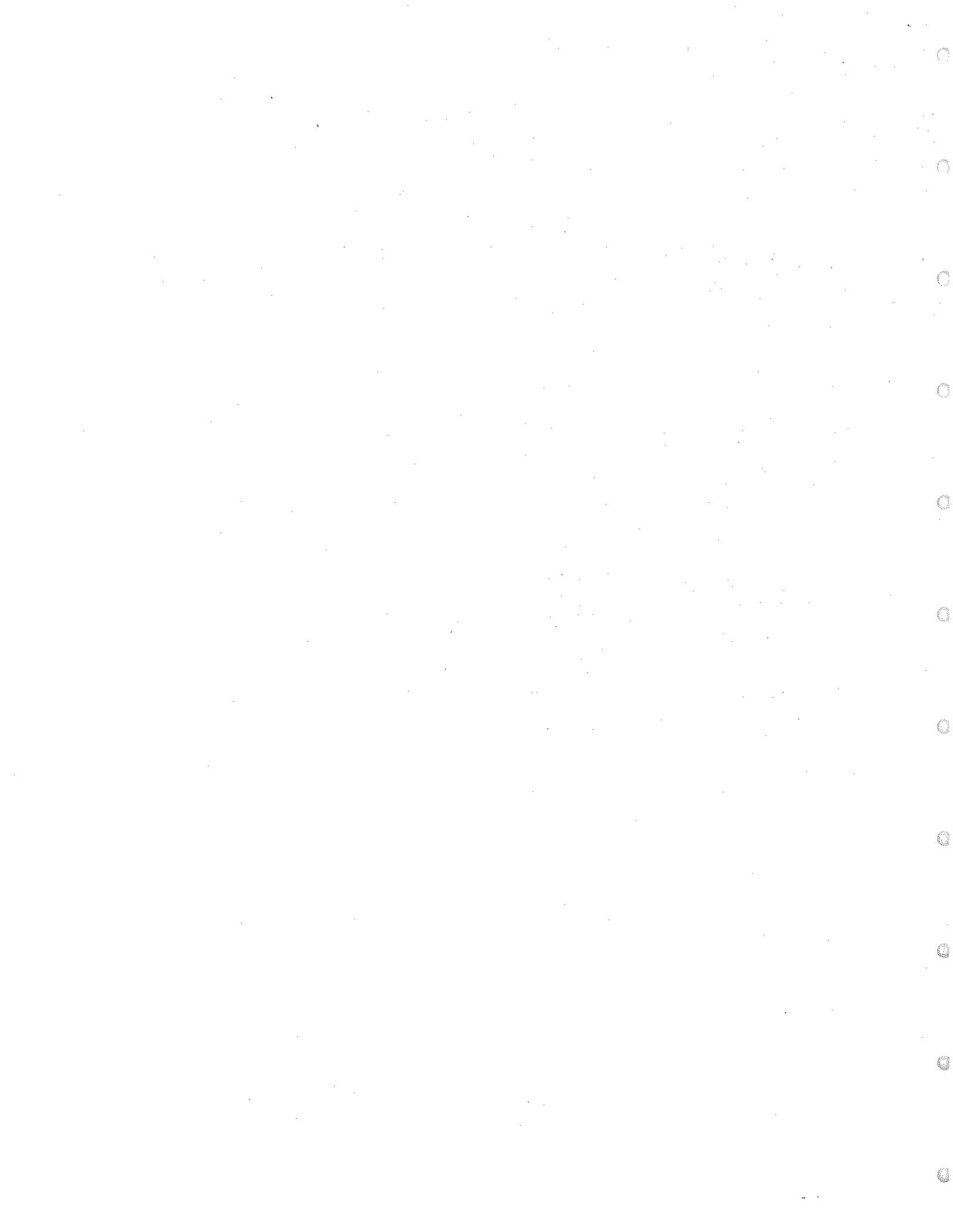
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2026	12,500.00	-	12,500.00
6/01/2026	12,500.00	-	12,500.00
9/01/2026	12,500.00	-	12,500.00
12/01/2026	12,500.00	-	12,500.00
3/01/2027	12,500.00	-	12,500.00
6/01/2027	12,500.00	-	12,500.00
9/01/2027	12,500.00	-	12,500.00
12/01/2027	12,500.00	-	12,500.00
3/01/2028	12,500.00	-	12,500.00
6/01/2028	12,500.00	-	12,500.00
9/01/2028	12,500.00	-	12,500.00
12/01/2028	12,500.00	-	12,500.00
3/01/2029	12,500.00	-	12,500.00
6/01/2029	12,500.00	-	12,500.00
9/01/2029	12,500.00	-	12,500.00
12/01/2029	12,500.00	-	12,500.00
3/01/2030	12,500.00	-	12,500.00
6/01/2030	12,500.00	-	12,500.00
9/01/2030	12,500.00	-	12,500.00
12/01/2030	12,500.00	-	12,500.00
3/01/2031	12,500.00	-	12,500.00
6/01/2031	12,500.00	-	12,500.00
9/01/2031	12,500.00	-	12,500.00
12/01/2031	12,500.00	-	12,500.00
3/01/2032	12,500.00	-	12,500.00
6/01/2032	12,500.00	-	12,500.00
9/01/2032	12,500.00	-	12,500.00
12/01/2032	12,500.00	-	12,500.00
3/01/2033	12,500.00	-	12,500.00
6/01/2033	12,500.00	-	12,500.00
Total	1,500,000.00	-	1,500,000.00 *

Ferris, Baker Watts
 West Virginia Public Finance Office

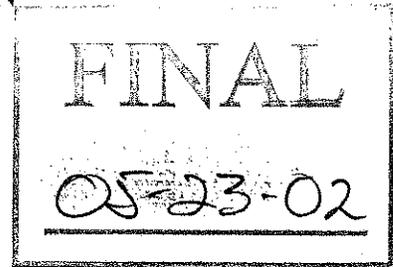
File = Town of Cedar Grove Loans.sf-SRF 7-02-02
 7/ 3/2002 8:42 AM

*Plus \$945.32 one-half percent administrative fee paid quarterly.
 Total fee paid over the life of the loan is \$113,438.40.



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: May 3, 2002



CASE NO. 02-0017-S-CN

TOWN OF CEDAR GROVE

Application for a certificate of convenience and necessity to construct and modify its sewer system in the Town of Cedar Grove in Kanawha County.

RECOMMENDED DECISION

On January 3, 2002, the Town of Cedar Grove (Town), by counsel Albert F. Good, filed with the Public Service Commission (Commission), pursuant to W.Va. Code § 24-2-11, a duly verified application for a certificate of convenience and necessity to construct and modify its sewer system. The filing included a Rule 42 exhibit, a proposed tariff, the municipal rate ordinance, permits, and plans and specifications for the project.

Also on January 3, 2002, the Commission directed the Town to publish a Notice of Filing, which provided that, if no protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On January 25, 2002, the Town filed an affidavit establishing that the Notice of Filing had been published on January 9, 2002, in the Charleston Daily Mail, published in Kanawha County.

On February 13, 2002, Staff Attorney Cecelia Gail Jarrell filed an Initial Joint Staff Memorandum, with an attached memorandum from John Mottesheard, Technical Analyst, Engineering Division, and James Boggess, Utilities Analyst 2, Water and Wastewater Division. Ms. Jarrell related that the Town had provided all information needed for Staff's review.

MJM

On January 16, 2002, the Commission, by Order, referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before August 1, 2002.

On February 27, 2002, the Town, by counsel, filed a letter requesting expedition of this matter because the engineer for the project has advertised for bids on the project.

On March 25, 2002, the Town filed a revised Rule 42 exhibit.

On April 9, 2002, the undersigned ALJ issued a Procedural Order requiring Staff to file its final recommendation no later than April 17, 2002.

On April 18, 2002, Ms. Jarrell filed a Final Joint Staff Memorandum from Ms. Jarrell, with attached memoranda from Mr. Mottesheard and Mr. Boggess. Staff explained that the Town is under a directive from the West Virginia Department of Environmental Protection (DEP) to remedy severe inflow and infiltration problems in the Town's combined wastewater collection system; the project includes constructing separate sanitary sewer lines and storm sewer lines.¹ No additional customers will be added by the project. The estimated cost of the project is \$1,500,000, including a \$1,125,000 construction cost, and will be financed entirely by a loan from the West Virginia Department of Environmental Protection's (DEP) State Revolving Loan Fund (SRF), payable over thirty years at a 0% interest rate, plus a .5% annual administrative fee. The Town raised its rates, effective January 31, 2002; no further rate increase will be needed. The project should lower the Town's operation and maintenance expenses. Staff recommended that the application be approved.

On April 26, 2002, permits from DEP, the West Virginia Division of Highways, and the U.S. Army Corps of Engineers were filed.

¹Staff's description was as follows:

The applicant proposes construction in the vicinity of Grant Street and Horse Mill Hollow Road, consisting of replacing an existing eight-inch sanitary sewer line, constructing a new 24-inch storm sewer line with manholes and inlets, and to regrade and repave the street, including additions of concrete curbs and gutters. In addition, in the vicinity of East George Street, Lewis Street, Williams Street and Alexander Street, an existing 24-inch sanitary sewer line will be replaced with a new 30-inch storm sewer line together with manholes and inlets and with the replumbing of cross draining structures.

Staff also stated that also part of the project is to clean approximately 38,000 linear feet of various size lines.

On May 2, 2002, the commitment letter from DEP for the SRF loan was filed.

FINDINGS OF FACT

1. On January 3, 2002, the Town of Cedar Grove filed with the Public Service Commission a duly verified application for a certificate of convenience and necessity to construct and modify its sewer system. (See application).

2. The Notice of Filing was published on January 9, 2002, in the Charleston Daily Mail, published in Kanawha Count, and no protests were filed. (See affidavit of publication filed January 25, 2002; case file generally).

3. The estimated cost of the project is \$1,500,000, including a \$1,125,000 construction cost. (See application; Final Joint Staff Memorandum filed April 18, 2002).

4. The project will be financed by a \$1,500,000 loan from the West Virginia Department of Environmental Protection's State Revolving Loan Fund, payable over thirty years at a 0% interest rate, plus a .5% annual administrative fee. (See Final Joint Staff Memorandum; May 2, 2002 filing).

5. The project has been approved by DEP, as well as the Division of Highways and the United States Army Corp of Engineers. (See attachment to application; April 26, 2002 filing).

6. Commission Staff recommended that the application for a certificate of convenience and necessity be granted and the project and its funding be approved. (See Final Joint Staff Memorandum).

CONCLUSION OF LAW

Because the project is needed and approved by the West Virginia Division of Environmental Protection; no protest to the application has been filed; and Commission Staff recommended that the application be granted and the project and its funding be approved, it is appropriate to grant the application and to approve the project, pursuant to W. Va. Code §24-2-11, and its funding.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed by the Town of Cedar Grove on January 3, 2002, to construct and modify its sewer system, BE GRANTED, and the project BE APPROVED.

IT IS FURTHER ORDERED that the funding for the project, a State Revolving Fund loan of \$1,500,000, payable over thirty years at a 0% interest rate, plus a .5% annual administrative fee, BE APPROVED.

IT IS FURTHER ORDERED that, if there is any change in any of the terms, conditions, scheduling, or financing of the project, estimated at \$1,500,000, the Town of Cedar Grove notify the Public Service Commission and file for Commission approval of any such revision.

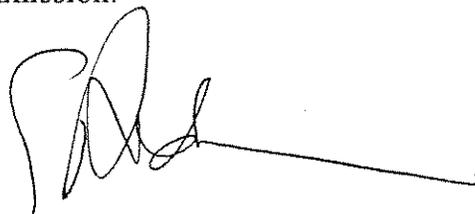
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

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

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

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

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



Sunya Anderson
Administrative Law Judge

SA:s
020017aa.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
Tim Rutledge
Gilbert

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

KMallory@cwv.com

September 6, 2000

The Honorable Kenneth Barton
Mayor, Town of Cedar Grove
P.O. Box 536
Cedar Grove, WV 25039

Re: Town of Cedar Grove
Sewer Separation Project 98S-454

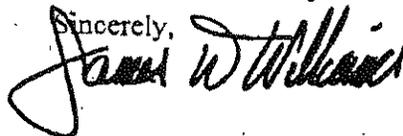
Dear Mayor Barton:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Town of Cedar Grove's (the "Town") revised preliminary application for its proposed project to separate combined sewer lines (the "Project").

Upon consideration of the preliminary application, the Council recommends that the Town pursue a Clean Water State Revolving Fund loan of \$1,079,200 to finance the Project. Please contact the West Virginia Division of Environmental Protection at 558-0641 for specific information on the steps the Town needs to follow to apply for these funds. Please note that this letter does not constitute funding approval from the Division of Environmental Protection.

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

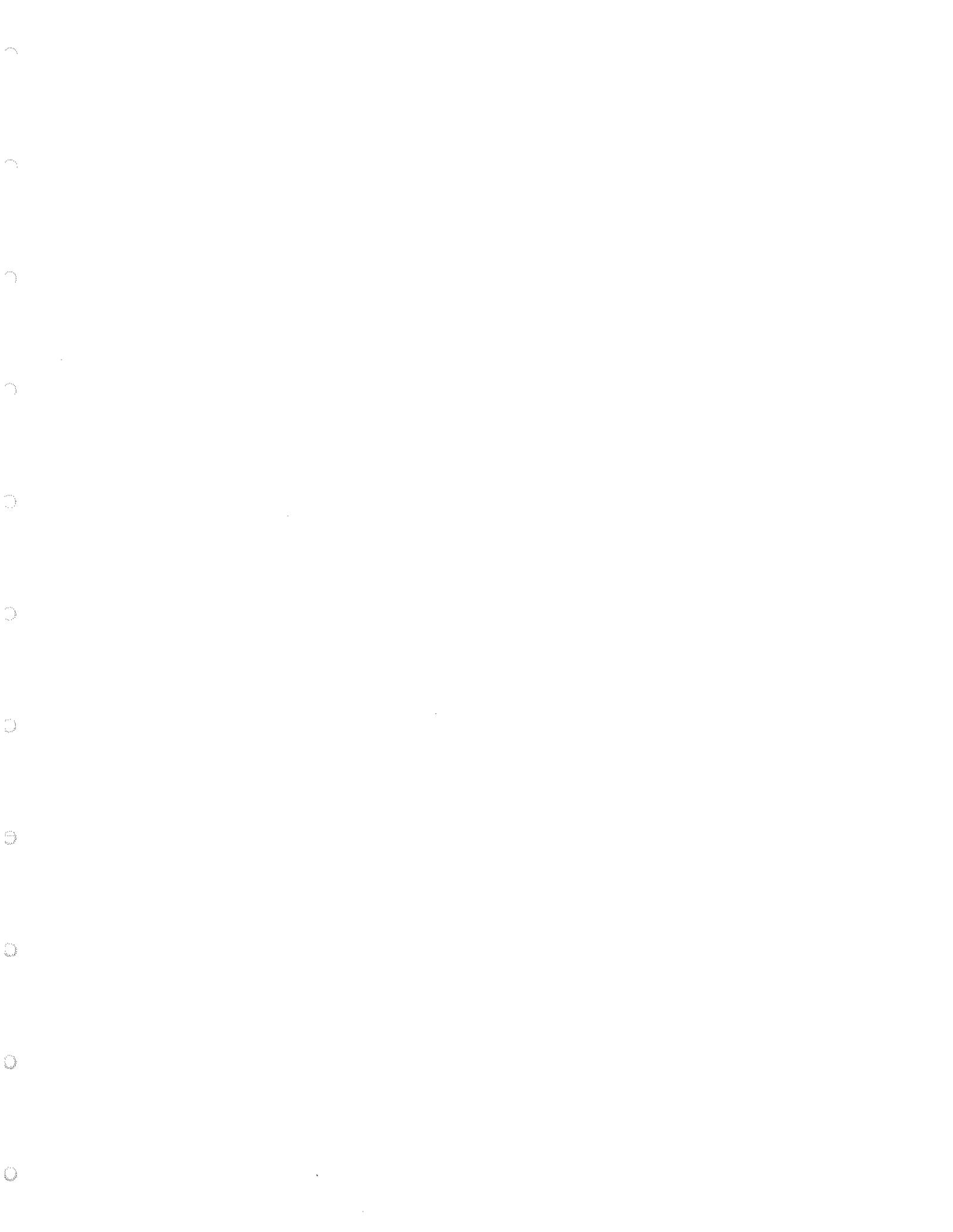
Sincerely,



James D. Williams

JDW/km

cc: Mike Johnson, DEP
Dunn Engineers, Inc
John Romano



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 31st day of July, 2002, 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 Cedar Grove (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

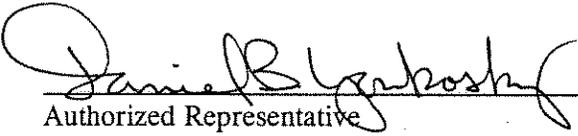
1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, in the principal amount of \$1,500,000, numbered R-1, issued as a single, fully registered Bond, and dated July 31, 2002 (the "Series 2002 Bonds").

2. At the time of such receipt, the Series 2002 Bonds had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

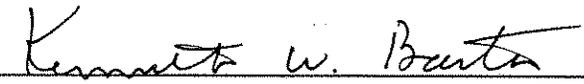
3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2002 Bonds, of the sum of \$159,672, being a portion of the principal amount of the Series 2002 Bonds. The balance of the principal amount of the Series 2002 Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection 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 CEDAR GROVE


Mayor

05/28/02
135050.00001

AGENCY: ENVIRONMENTAL PROTECTION
TOTAL: 9159,672.00
TRANSACTION INVOICE
ID NUMBER 8
1005461650 1, CS44280

PAYEE
REFERENCE

PURCHASE
ORDER

MARRANT #: 4-9558269
DATE: 07/24/02

AMOUNT
9159,672.00

If you have questions concerning the above, please call 304-759-0507.

REMOVE DOCUMENT ALONG THIS PERFORATION

CTL# 10497047

THIS WARRANT HAS MULTIPLE SECURITY FEATURES TO DETER FRAUD AND COUNTERFEITING.
VOID IN FSS. PRESENTED FOR PAYMENT WITHIN SIX MONTHS.

State of West Virginia

STATE WARRANT #

4-9558269

JULY 24, 2002

Important Remittance Information on top panel
Remitter: ENVIRONMENTAL PROTECTION
Questions? Contact: MARK DOYLE at 304-759-0507

PAYEE
TOWN OF CEDAR GROVE

*****\$159,672.00**

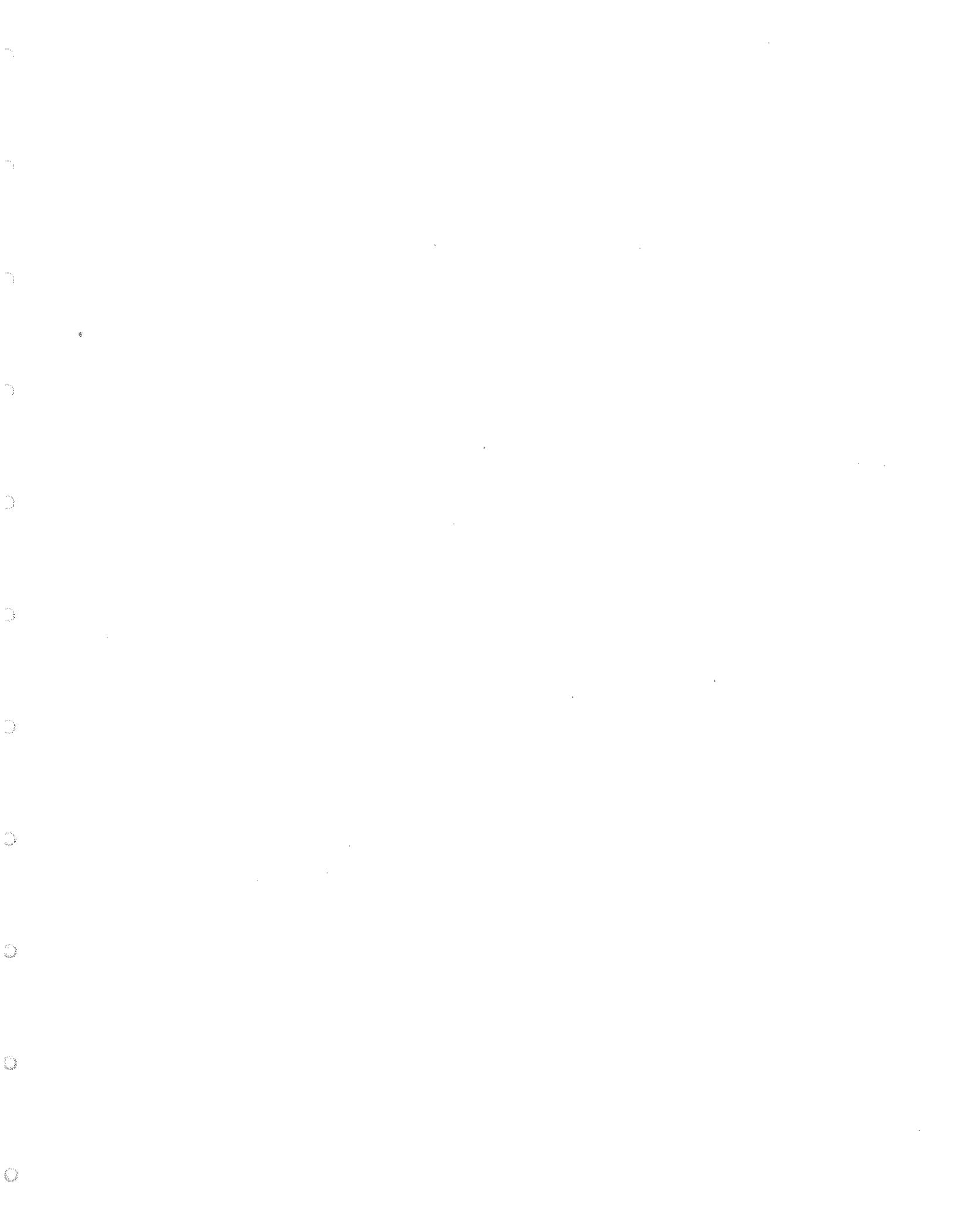
4-9558269

WEST VIRGINIA TREASURY

John A. Beckler
STATE TREASURER

Allen B. Horman III
AUDITOR

⑆⑆⑆49558269⑆⑆ ⑆⑆051902322⑆⑆ 5270537822⑆⑆



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 31st day of July, 2002, there are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of the Town of Cedar Grove Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), in the principal amount of \$1,500,000, dated July 31, 2002 (the "Bonds"), executed by the Mayor and the Recorder of the Town of Cedar Grove (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 May 4, 2002, and a Supplemental Resolution duly adopted by the Issuer on July 20, 2002 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the bond purchase agreement for the Series 2002 Bonds, dated July 3, 2002, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$159,672, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

TOWN OF CEDAR GROVE

Kenneth W. Banta
Mayor

07/05/02
135050.00001

CH527190.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF CEDAR GROVE
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA SRF PROGRAM)

No. R -1

\$1,500,000

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF CEDAR GROVE, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, 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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated July 3, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a Reserve Account for this Bond; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or

improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 4, 2002, and a Supplemental Resolution duly adopted by the Issuer on July 20, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1994, DATED SEPTEMBER 2, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$222,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2002 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 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 Prior Bonds; provided however, that so long as there exists in the Series 2002 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 Prior 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 (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, TOWN OF CEDAR GROVE 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 July 31, 2002.

[SEAL]

SPECIMEN

Rennett W. Barton
Mayor

ATTEST:

SPECIMEN
Candace Bennett
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: July 31, 2002.

BRANCH BANKING AND TRUST
COMPANY
as Registrar


Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$159,672	July 31, 2002	(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

Town of Cedar Grove (West Virginia) Loan of \$1,500,000 30 Years, 0% Interest Rate, 1/2% Administrative Fee Closing Date: July 31, 2002 DEBT SERVICE SCHEDULE			
Date	Principal	Coupon	Total Pmt
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	12,500.00	-	12,500.00
12/01/2003	12,500.00	-	12,500.00
3/01/2004	12,500.00	-	12,500.00
6/01/2004	12,500.00	-	12,500.00
9/01/2004	12,500.00	-	12,500.00
12/01/2004	12,500.00	-	12,500.00
3/01/2005	12,500.00	-	12,500.00
6/01/2005	12,500.00	-	12,500.00
9/01/2005	12,500.00	-	12,500.00
12/01/2005	12,500.00	-	12,500.00
3/01/2006	12,500.00	-	12,500.00
6/01/2006	12,500.00	-	12,500.00
9/01/2006	12,500.00	-	12,500.00
12/01/2006	12,500.00	-	12,500.00
3/01/2007	12,500.00	-	12,500.00
6/01/2007	12,500.00	-	12,500.00
9/01/2007	12,500.00	-	12,500.00
12/01/2007	12,500.00	-	12,500.00
3/01/2008	12,500.00	-	12,500.00
6/01/2008	12,500.00	-	12,500.00
9/01/2008	12,500.00	-	12,500.00
12/01/2008	12,500.00	-	12,500.00
3/01/2009	12,500.00	-	12,500.00
6/01/2009	12,500.00	-	12,500.00
9/01/2009	12,500.00	-	12,500.00
12/01/2009	12,500.00	-	12,500.00
3/01/2010	12,500.00	-	12,500.00
6/01/2010	12,500.00	-	12,500.00
9/01/2010	12,500.00	-	12,500.00
12/01/2010	12,500.00	-	12,500.00
3/01/2011	12,500.00	-	12,500.00
6/01/2011	12,500.00	-	12,500.00
9/01/2011	12,500.00	-	12,500.00
12/01/2011	12,500.00	-	12,500.00
3/01/2012	12,500.00	-	12,500.00
6/01/2012	12,500.00	-	12,500.00
9/01/2012	12,500.00	-	12,500.00
12/01/2012	12,500.00	-	12,500.00
3/01/2013	12,500.00	-	12,500.00
6/01/2013	12,500.00	-	12,500.00
9/01/2013	12,500.00	-	12,500.00
12/01/2013	12,500.00	-	12,500.00
3/01/2014	12,500.00	-	12,500.00

Town of Cedar Grove (West Virginia)
 Loan of \$1,500,000
 30 Years, 0% Interest Rate, 1/2% Administrative Fee
 Closing Date: July 31, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total Pmt
6/01/2014	12,500.00	-	12,500.00
9/01/2014	12,500.00	-	12,500.00
12/01/2014	12,500.00	-	12,500.00
3/01/2015	12,500.00	-	12,500.00
6/01/2015	12,500.00	-	12,500.00
9/01/2015	12,500.00	-	12,500.00
12/01/2015	12,500.00	-	12,500.00
3/01/2016	12,500.00	-	12,500.00
6/01/2016	12,500.00	-	12,500.00
9/01/2016	12,500.00	-	12,500.00
12/01/2016	12,500.00	-	12,500.00
3/01/2017	12,500.00	-	12,500.00
6/01/2017	12,500.00	-	12,500.00
9/01/2017	12,500.00	-	12,500.00
12/01/2017	12,500.00	-	12,500.00
3/01/2018	12,500.00	-	12,500.00
6/01/2018	12,500.00	-	12,500.00
9/01/2018	12,500.00	-	12,500.00
12/01/2018	12,500.00	-	12,500.00
3/01/2019	12,500.00	-	12,500.00
6/01/2019	12,500.00	-	12,500.00
9/01/2019	12,500.00	-	12,500.00
12/01/2019	12,500.00	-	12,500.00
3/01/2020	12,500.00	-	12,500.00
6/01/2020	12,500.00	-	12,500.00
9/01/2020	12,500.00	-	12,500.00
12/01/2020	12,500.00	-	12,500.00
3/01/2021	12,500.00	-	12,500.00
6/01/2021	12,500.00	-	12,500.00
9/01/2021	12,500.00	-	12,500.00
12/01/2021	12,500.00	-	12,500.00
3/01/2022	12,500.00	-	12,500.00
6/01/2022	12,500.00	-	12,500.00
9/01/2022	12,500.00	-	12,500.00
12/01/2022	12,500.00	-	12,500.00
3/01/2023	12,500.00	-	12,500.00
6/01/2023	12,500.00	-	12,500.00
9/01/2023	12,500.00	-	12,500.00
12/01/2023	12,500.00	-	12,500.00
3/01/2024	12,500.00	-	12,500.00
6/01/2024	12,500.00	-	12,500.00
9/01/2024	12,500.00	-	12,500.00
12/01/2024	12,500.00	-	12,500.00
3/01/2025	12,500.00	-	12,500.00
6/01/2025	12,500.00	-	12,500.00
9/01/2025	12,500.00	-	12,500.00
12/01/2025	12,500.00	-	12,500.00

Ferris, Baker Watts
 West Virginia Public Finance Office

File = Town of Cedar Grove Loans.sf-SRF 7-02-02
 7/ 3/2002 8:42 AM

Town of Cedar Grove (West Virginia)
 Loan of \$1,500,000
 30 Years, 0% Interest Rate, 1/2% Administrative Fee
 Closing Date: July 31, 2002
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total Pmt
3/01/2026	12,500.00	-	12,500.00
6/01/2026	12,500.00	-	12,500.00
9/01/2026	12,500.00	-	12,500.00
12/01/2026	12,500.00	-	12,500.00
3/01/2027	12,500.00	-	12,500.00
6/01/2027	12,500.00	-	12,500.00
9/01/2027	12,500.00	-	12,500.00
12/01/2027	12,500.00	-	12,500.00
3/01/2028	12,500.00	-	12,500.00
6/01/2028	12,500.00	-	12,500.00
9/01/2028	12,500.00	-	12,500.00
12/01/2028	12,500.00	-	12,500.00
3/01/2029	12,500.00	-	12,500.00
6/01/2029	12,500.00	-	12,500.00
9/01/2029	12,500.00	-	12,500.00
12/01/2029	12,500.00	-	12,500.00
3/01/2030	12,500.00	-	12,500.00
6/01/2030	12,500.00	-	12,500.00
9/01/2030	12,500.00	-	12,500.00
12/01/2030	12,500.00	-	12,500.00
3/01/2031	12,500.00	-	12,500.00
6/01/2031	12,500.00	-	12,500.00
9/01/2031	12,500.00	-	12,500.00
12/01/2031	12,500.00	-	12,500.00
3/01/2032	12,500.00	-	12,500.00
6/01/2032	12,500.00	-	12,500.00
9/01/2032	12,500.00	-	12,500.00
12/01/2032	12,500.00	-	12,500.00
3/01/2033	12,500.00	-	12,500.00
6/01/2033	12,500.00	-	12,500.00
Total	1,500,000.00	-	1,500,000.00 *

Ferris, Baker Watts
 West Virginia Public Finance Office

File = Town of Cedar Grove Loans.sf-SRF 7-02-02
 7/ 3/2002 8:42 AM

*Plus \$945.32 one-half percent administrative fee paid quarterly.
 Total fee paid over the life of the loan is \$113,438.40.

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:





Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

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

Writer's Contact Information

July 31, 2002

Town of Cedar Grove
Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

Town of Cedar Grove
Cedar Grover, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Step toe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

We are bond counsel to the Town of Cedar Grove (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia, in connection with the issuance of its Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program) dated the date hereof (the "Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated July 3, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$1,500,000, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning September 1, 2003, and maturing June 1, 2033, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"), (ii) funding a reserve account for the Bonds, and (iii) paying certain issuance and others costs in connection therewith.

CH527192.2

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We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), and the bond ordinance duly enacted by the Issuer on May 4, 2002, as supplemented by the supplemental resolution duly adopted by the Issuer on July 20, 2002 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been undertaken. 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 Ordinance 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 Issuer and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the consent of the Authority and the DEP.
3. The Issuer is a duly organized and presently 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 adopt or enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
4. The Ordinance and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Ordinance contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. 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 Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and Ordinance.
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.
7. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from 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.

Town of Cedar Grove, et al.
July 31, 2002
Page 3

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

We have examined the executed and authenticated 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,


STEPTOE & JOHNSON PLLC

07/15/02
135050.00001



BIBBY & GOOD
ATTORNEYS
SUITE 808 SECURITY BUILDING
100 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301
July 31, 2002

ALBERT F. GOOD

PHONE (304) 343-5531
FAX (304) 343-5533

Town of Cedar Grove
Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

Town of Cedar Grove
Cedar Grove, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

We are counsel to the Town of Cedar Grove in Kanawha County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond purchase agreement for the Bonds, dated July 3, 2002, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on May 4, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 20, 2002 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board duly adopted on April 9, 2002, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

We are of the opinion that:

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

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

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

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

5. The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Final Order entered on May 23, 2002, in Case No. 02-0017-S-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 has expired prior to the date hereof without any appeal.

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 and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

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 Bonds, Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the

Town of Cedar Grove, et al.
July 31, 2002
Page 3

validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion 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.

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

Very truly yours,

BIBBY & GOOD



Albert F. Good

BIBBY & GOOD
ATTORNEYS
SUITE 808 SECURITY BUILDING
100 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

ALBERT F. GOOD

PHONE (304) 343-5531
FAX (304) 343-5533

July 15, 2002

Town of Cedar Grove
Post Office Box 536
Cedar Grove, West Virginia 25039

West Virginia Department of
Environmental Protection
1560 Kanawha Boulevard, East
Charleston, West Virginia 25301

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

Steptoe & Johnson PLLC
Post Office Box 1588
Charleston, West Virginia 25326

Re: Final Title Opinion for Town of
Cedar Grove, West Virginia

Ladies and Gentlemen:

We are counsel to the Town of Cedar Grove, West Virginia (the "Issuer") in connection with a proposed project to construct on, and in the vicinity of, Grant street and Horse Mill Hollow Road to replace an existing 8" sanitary sewer line, to construct a new 24" storm sewer line with manholes and inlets, and to regrade and repave the street, including additions of concrete curbs and gutters, and on, and in the vicinity of, East George Street, Lewis Street, Williams Street and Alexander Street to replace an existing 24" sanitary sewer line, and construct a new 30" storm sewer line together with manholes and inlets and with replumbing of cross-drainage structures, all within the corporate boundaries of the Town of Cedar Grove (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") 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 DEP.

Town of Cedar Grove
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
Steptoe & Johnson PLLC
July 15, 2002
Page Two

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 prepared by Dunn Engineers, Inc., the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Kanawha 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 sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

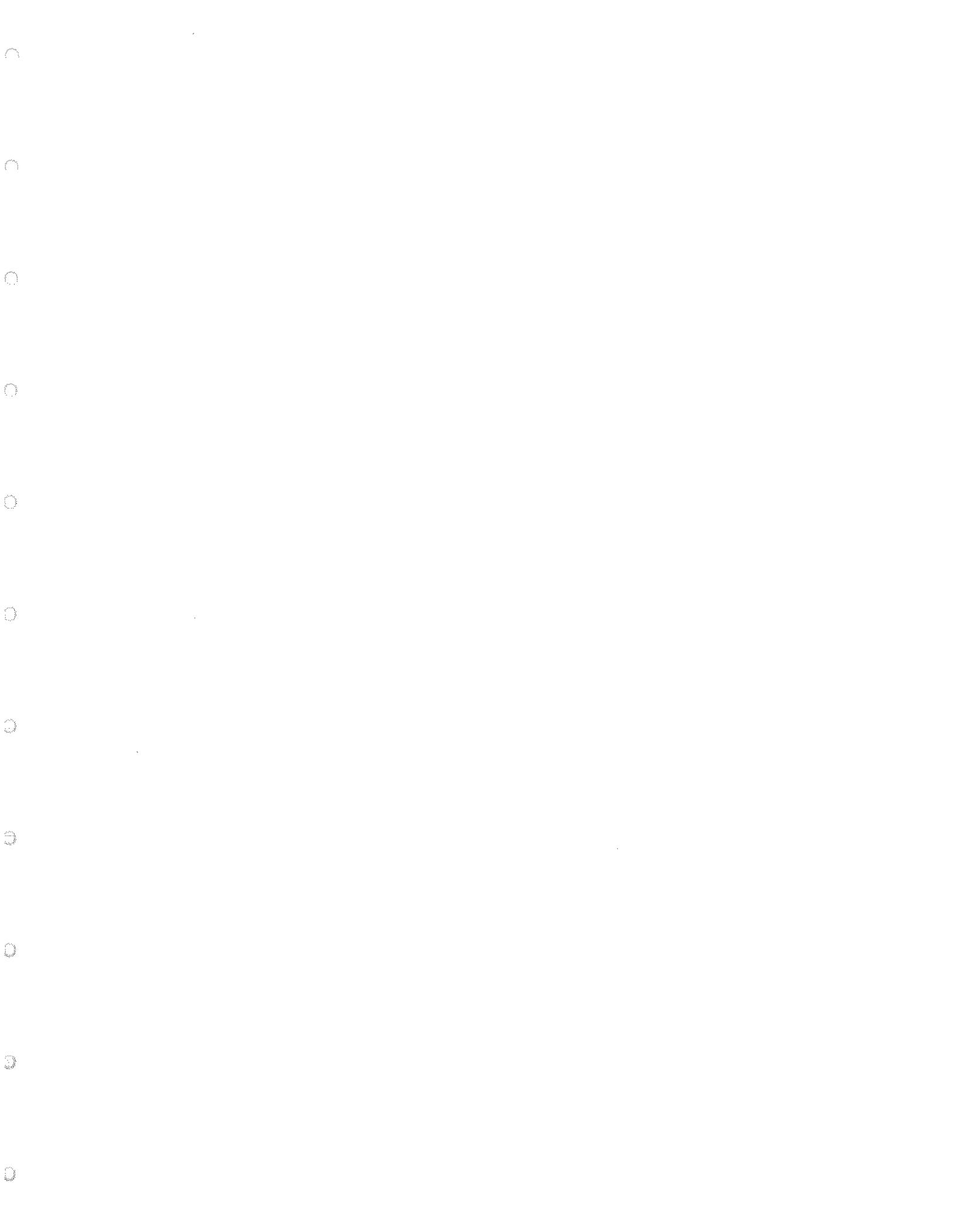
5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Kanawha County to protect the legal title to and interest of the Issuer.

Very truly yours,

BIBBY & GOOD



Albert F. Good



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF 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 BOND
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. PROCUREMENT OF ENGINEERING SERVICES
20. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Cedar Grove in Kanawha County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 2002 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 May 4, 2002, and the Supplemental Resolution duly adopted July 20, 2002 (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 Net Revenues or any grants, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. **GOVERNMENTAL APPROVALS 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.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1994, dated September 2, 1994, issued in the original aggregate principal amount of \$222,000 (the "Prior Bonds").

The Series 2002 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of

the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinances.

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

SRF Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board and Oaths of Office of Officers

Petition of Sanitary Board

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

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

NPDES Permit

Agreement with Chelyan Public Service District

Series 1994 Bond Ordinance

Consent of West Virginia Water Development Authority

Evidence of Insurance

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

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Kenneth W. Barton	- Mayor	July 1, 1999	June 30, 2003
Carolyn Bennett	- Recorder	July 1, 1999	June 30, 2003
Charles Ellis	- Councilmember	July 1, 1999	June 30, 2003
Kent Mason Stanley	- Councilmember	July 1, 1999	June 30, 2003
Clayton L. Young, Jr.	- Councilmember	July 1, 1999	June 30, 2003
Troy Page, Jr.	- Councilmember	June 22, 2000	June 30, 2003
James L. Blankenship	- Councilmember	June 26, 2000	June 30, 2003

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	Kenneth W. Barton
Member	-	Jeff Bitzer, P.E.
Member	-	David Eary
Member	-	Charles Qualls
Secretary & Treasurer	-	Carolyn Bennett

The duly appointed and acting Counsel to the Issuer is Bibby & Good, in Charleston, 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 Agreement 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 sewer rate ordinance on June 15, 2002, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently 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 numbered R-1, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate 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 the sum of \$159,672 from the Authority and the DEP, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. **PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE:** Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Charleston Gazette* and *Charleston Daily Mail*, two qualified newspapers of general circulation in the Town of Cedar Grove, there being no newspaper published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 4th day of May, 2002, at 10:00 a.m., in the Council Chambers at the Town Hall, 302 Alexander Street, Cedar Grove, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on May 23, 2002, in Case No. 02-0017-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal.

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

17. **CONFLICT OF INTEREST:** No member, officer or employee of the Issuer or the Board 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. **CLEAN WATER ACT:** The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

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

20. **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 CEDAR GROVE on this 31st day of July, 2002.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Kenneth W. Barts

Mayor

Cathy Bennett

Recorder

Albert J. Good

Counsel to the Issuer

07/15/02
135050.00001

TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Frederick L. Hypes, Registered Professional Engineer, West Virginia License No. 9327 of Dunn Engineers, Inc., Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of the Town of Cedar Grove (the "Issuer") to be constructed primarily in Kanawha County, West Virginia, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on May 4, 2002, as supplemented, and the bond purchase agreement, by and among the Issuer, the West Virginia Department of Environmental Protection ("DEP") and the West Virginia Water Development Authority (the "Authority"), dated July 3, 2002 (the "Loan Agreement").
2. The Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and design prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least thirty (30) 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 A, attached hereto as Exhibit A and the Issuer's counsel, Bibby & Good, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform

bid procedures were followed; (viii) the Issuer has obtained all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of Issuer's certified public accountant, Michael D. Griffith, as of the effective date thereof, the rates and charges for the System enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 31st day of July 2002.

DUNN ENGINEERS, INC.

(SEAL)




Frederick L. Hypes, P.E.
West Virginia License No. 9327

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Town of Cedar Grove / Sewer Separation Project

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

		A. <u>Cost of Project</u>	
1.	Construction (As bid)	\$ <u>590,895</u>	
2.	Technical Services (Includes \$208,400 sewer line cleaning subcontract)	\$ <u>442,200</u>	
3.	Legal and Fiscal	\$ <u>40,000</u>	
4.	Administrative	\$ <u>10,400</u>	
*5.	Site and Other Lands	\$ <u>0</u>	
**6.	Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	\$ _____	
7.	Interim Financing Costs	\$ _____	
8.	Contingency	\$ <u>29,545</u>	
9.	Restricted Miscellaneous	\$ <u>316,960</u>	
10.	Total of Lines 1 Through 9		\$ <u>1,430,000</u>
		B. <u>Sources of Funds</u>	
11.	Federal Grants: ¹ _____ (Specify Sources) _____	\$ _____	
12.	State Grants: ¹ _____ (Specify Sources) _____	\$ _____	
13.	Other Grants: ¹ _____ (Specify Sources) _____	\$ _____	
14.	Any Other Source: ² _____ (Specify) _____	\$ _____	
15.	Total of Lines 11 Through 14		\$ <u>0</u>
16.	Net Proceeds Required from Bond Issue (Line 10 minus Line 15)		\$ _____
		C. <u>Cost of Financing</u>	
17.	Bond Counsel	\$ <u>20,000</u>	
18.	Funded Reserve Account: ³	\$ <u>50,000</u>	
19.	Total Cost of Financing (lines 17 + 18)		\$ <u>70,000</u>
20.	Size of Bond Issue (Line 16 plus Line 19)		\$ <u>1,500,000</u>

* not allowable for State Revolving Fund Assistance

** WDA loans associated with EPA grants are not allowable

Kenneth W. Buntin
Signature of Applicant

Fredrick H. Hyslop
Signature of Consulting Engineer

Date June 27, 2002

Date June 12, 2002

 **GRIFFITH & ASSOCIATES**

Michael D. Griffith, CPA D. Denise Pauley, CPA

950 Little Coal River Road Alum Creek, West Virginia 25003 Office (304) 756-3600 Fax: (304) 756-2911

**TOWN OF CEDAR GROVE
SEWER REVENUE BONDS, SERIES 2002
(WEST VIRGINIA SRF PROGRAM)**

Town of Cedar Grove
Cedar Grove, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Step toe & Johnson, PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Sewer Rate Ordinance enacted by the Town of Cedar Grove (the "Town") on June 15, 2002, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Dunn Engineers, Inc., consulting engineers, it is my opinion that the Net Revenues derived from the System of the Town during any 12 consecutive months, within the 18 months immediately preceding the date of issuance of the Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program) (the "Series 2002 Bonds"), plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvement to be financed by the Series 2002 Bonds will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Series 2002 Bond and all other obligations secured or payable from the revenues of the System prior to, on a parity with or subordinate to the Series 2002 Bonds, including the Issuer's Prior Bonds (as defined in the Ordinance of the Town enacted May 4, 2002).

It is my further opinion that such rates of the Town are, as of the date hereof, sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance 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 on the Series 2002 Bonds and all other obligations secured by or payable from such revenues prior to or on parity with the Series 2002 Bonds, including the Issuer's Prior Bonds.

Very truly yours,



Michael D. Griffith, CPA
July 31, 2002



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Cedar Grove in Kanawha County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$1,500,000 Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, dated July 31, 2002 (the "Bonds" or the "Series 2002 Bonds"), hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on May 4, 2002, as supplemented (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 June 31, 2002, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$159,672, being a portion of the principal amount of the Series 2002 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"), the West Virginia Department of Environmental Protection (the "DEP") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2002 Bonds were sold on July 31, 2002, to the Authority, pursuant to a bond purchase agreement dated July 3, 2002, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of \$1,500,000 (100% of par) (the "Loan Agreement"), at which time, the Issuer received \$159,672 from the Authority and the DEP, being the first advance of the principal amount of the Series 2002 Bonds. No accrued interest has been or will be paid on the Series 2002 Bonds. The balance of the principal amount of the Series 2002 Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2002 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2002 Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June 1, 2003. The acquisition and construction of the Project is expected to be completed by March 31, 2003.

8. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at \$1,500,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2002 Bonds	<u>\$1,500,000</u>
Total Sources	<u>\$1,500,000</u>

USES

Costs of Acquisition and Construction of the Project	\$1,430,000
Costs of Issuance	20,000
Funding Reserve Account	<u>50,000</u>
Total Uses	<u>\$1,500,000</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 2002 Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2002 Bonds Construction Trust Fund.
- (4) Series 2002 Bonds Sinking Fund; and
- (5) Series 2002 Bonds Reserve Account.

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

(1) Proceeds of the Series 2002 Bonds in the amount of \$50,000 will be deposited with the Commission in the Series 2002 Bonds Reserve Account.

(2) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2002 Bonds.

11. Monies held in the Series 2002 Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2002 Bonds Sinking Fund and Series 2002 Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 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 8 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 2002 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 10 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2002 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 2002 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 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 2002 Bonds Reserve Account and the Series 2002 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. 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.

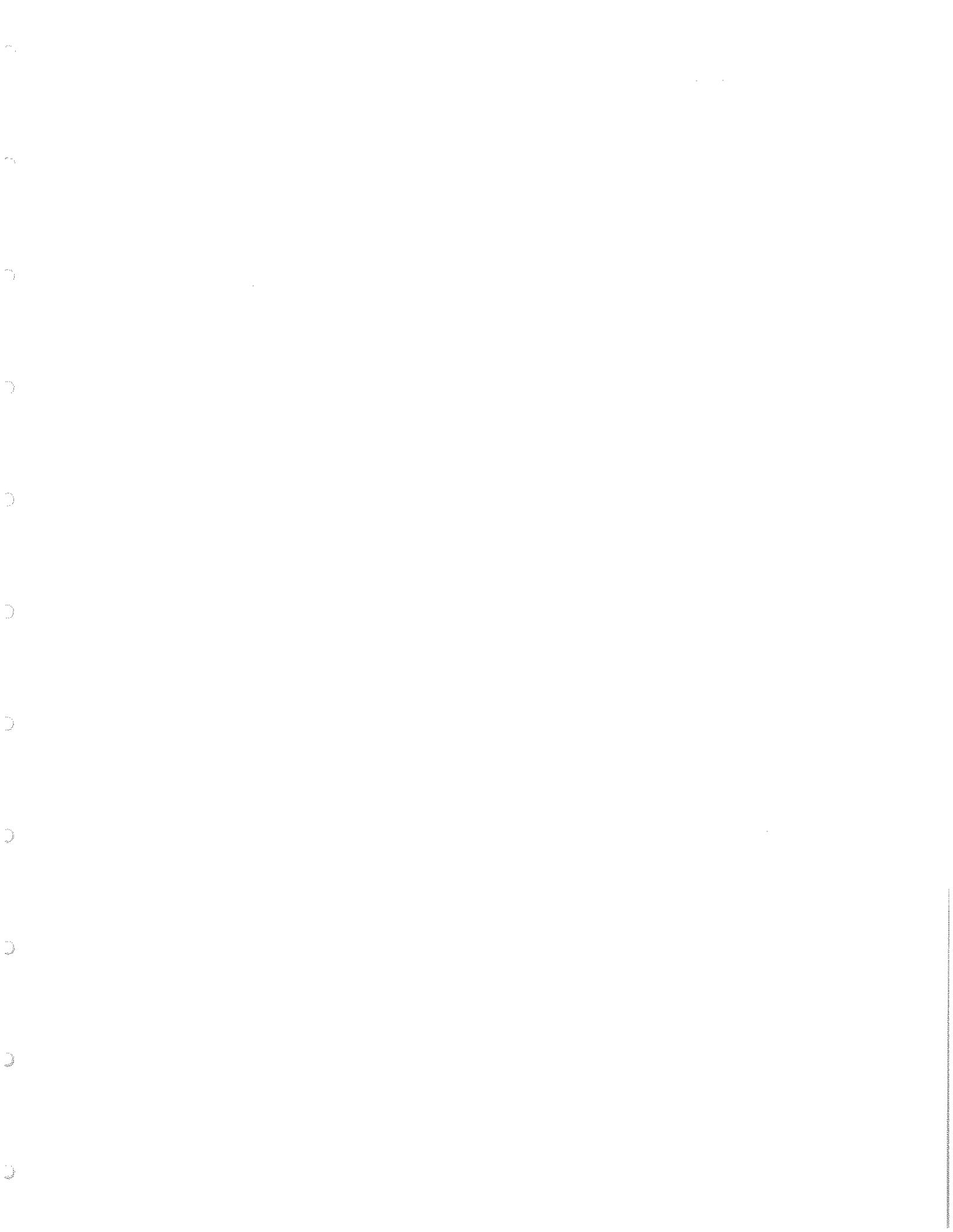
27. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on this 31st day of July, 2002.

TOWN OF CEDAR GROVE

By: Kenneth W. Bentes
Its: Mayor

07/15/02
135050.00001



LAW ORDERS, 16th. DAY OF June 1902.Monday the 16th. day of June 1902. 7^o

Present the same judge as on Saturday last.

The proceedings of Saturday last were this day read and being examined and corrected were signed.

Ordered that this Court be adjourned until tomorrow morning at 9 o'clock.
J. LutherTuesday the 17th. day of June 1902.

Present the same judge as on yesterday.

The proceedings of yesterday were this day read and being examined and corrected were signed.

On the matter of the incorporation of the town of Cedar Grove.

This day came B. P. Thompson, H. F. Tompkins, J. A. Luther, Dr. Hudnall and D. Slater and on their motion the result of the vote taken of the qualified voters residing within the proposed boundaries of the town of Cedar Grove together with the certificate under oath thereof of the three voters under whose superintendance said vote was taken to wit. David Baldwin, B. P. Thompson and W. F. Hackney and on like motion the survey and map of the territory intended to be embraced in said incorporation duly verified by the affidavit of the Surveyor who made the said survey and map annexed thereto.

Said territory being hereinafter set out as shown in said survey and map and also the census of the resident population of such territory now filed by the affidavit of C. M. Hudnall who took the same and read thereto, be also the notice of said application for said certificate of incorporation of such territory as such town of Cedar Grove and each of the several other like filings.

upon their application and motion, and it appearing from satisfactory proof that all the provisions of Chapter 47 of the Code have been complied with it is therefore ordered that the Clerk of this Court do and he is hereby directed to issue a certificate of incorporation of the said town of Cedar Grove in form and in substance as follows:

A certificate under oath of David Baldwin, C. P. Thompson, and N. S. Hackney, was this day filed showing that a majority of all of the qualified voters residing in the following bounded territory, to-wit: in certain blocks District Kanawha County, West Virginia, beginning at a stake on the East edge of Kanawha Mine of the Summit Mine; thence up Kanawha River with meanders of same N. 89° 00' E. 444 feet to Cedar Grove tipple S. 76° 30' E. 450 feet S. 67° 30' E. 280 feet to Ferry. S. 62° 15' E. 340 feet S. 60° 45' E. 273 feet to center of N. C. N. Co. tipple S. 60° 45' E. 330 feet to crib S. 46° 15' E. 485 feet S. 42° 15' E. 354 feet. S. 37° 00' E. 417 feet S. 34° 45' E. 218 feet S. 33° 15' E. 225 feet S. 35° 45' E. 362 feet S. 34° 10' E. 318 feet to mouth of Kelley's Creek and up same with meanders N. 69° 30' E. 217 feet N. 75° 15' E. 286 feet N. 41° 30' E. 133 feet S. 72° 45' E. 336 feet; thence leaving the Creek S. 81° 30' E. 719 feet crossing N. and W. R. at 200 feet to a stake in a drain N. 75° E. 160 feet to a stake in County Road N. 49° 00' E. 265 feet N. 54° 15' E. 359 feet to a stake in Circle Point in outcrop of Cedar Grove Coal Seam, and with said out crops N. 66° 30' W. 150 feet N. 63° 00' W. 143 feet N. 2° 15' W. 149 feet - N. 23° 30' W. 170 feet N. 55° 00' W. 161 feet N. 56° 15' W. 131 feet N. 41° 15' W. 94 feet N. 26° 00' W. 189 feet N. 6° 00' W. 150 feet N. 48° 15' E. 361 feet crossing Coal Bank Branch to a stake in said out crops and with outcrop N. 35° 30' W. 163 feet N. 4° 15' W. 101 feet N. 19° 00' E. 130 feet N. 24° 15' E. 191 feet N. 43° 00' E. 170 feet N. 40° 00' E. 72 feet N. 36° 20' E. 129 feet N. 51° 15' E. 235 feet N. 53° 15' E. 140 feet N. 67° 30' E. 218 feet N. 60° 00' E. 314 feet N. 150° 00' E. 95 feet to Virginia Mine N. 29° 15' E. 274 feet N. 33° 30' E. 360 feet N. 5° 00' E. 485 feet to a square in the frame of a frozen branch and from said frame N. 57° 00' W. crossing N. C. N. Co. C. R. and Kelley's Creek 670 feet to a stake in said outcrop of Cedar Grove Coal Seam and with outcrop S. 41° 15' W. 280 feet S. 270° 30' W. 400 feet S. 51° 00' W. 330 feet S. 57° 10' W. 255 feet S. 62° 30' W. 248 feet S. 59° 00' W. 210 feet S. 60° 15' W. 285 feet S. 47° 30' W. 188 feet S. 37° 30' W. 120 feet S. 63° 15' W. 63 feet N. 113° 00' W. 135 feet N. 37° 45' W. 220 feet N. 32° 00' W. 138 feet N. 31° 15' W. 682 feet to a square and replace S. 62° 00' W.

1th. DAY OF June 1902.

410 feet crossing Horumiel Branch to a stake in said outcrop
 and with outcrop $\text{S} 2^{\circ} 45' \text{E}$. 430 feet $\text{S} 23^{\circ} 00' \text{E}$. 470 feet $\text{S} 6^{\circ} 00' \text{E}$.
 372 feet $\text{S} 19^{\circ} 30' \text{W}$. 102 feet $\text{S} 5^{\circ} 15' \text{W}$. 222 feet $\text{N} 75^{\circ} 30' \text{W}$. 250
 feet $\text{N} 67^{\circ} 15' \text{W}$. 316 feet $\text{N} 82^{\circ} 30' \text{W}$. 356 feet $\text{N} 78^{\circ} 00' \text{W}$. 292
 feet $\text{N} 5^{\circ} 15' \text{W}$. 231 feet $\text{N} 72^{\circ} 15' \text{W}$. 310 feet $\text{S} 89^{\circ} 45' \text{W}$. 360 feet
 crossing Lewis Branch to a stake in said outcrop and with
 outcrop $\text{N} 89^{\circ} 00' \text{W}$. 143 feet to Cedar Grove Farm House $\text{S} 87^{\circ} 00'$
 W . 490 feet $\text{N} 56^{\circ} 10' \text{W}$. 160 feet $\text{S} 82^{\circ} 30' \text{W}$. 280 feet $\text{S} 4^{\circ} 30' \text{E}$. 360
 feet to the beginning containing 222 4/10 acres, have been given
 in due form of law in favor of the incorporation of the town
 of Cedar Grove in the County of Kanawha; founded as herein
 set forth, and it appearing to the satisfaction of the Court that
 all the provisions of Chap. 47 of the Code of West Virginia
 have been complied with by the applicants for said incor-
 poration, the said town is duly authorized within the
 corporate limits aforesaid to exercise all the corporate
 powers conferred by the said chapter. From and after
 the date of this certificate and on like motion of said ap-
 plicants the Court doth hereby appoint C. P. Thompson,
 C. N. Craley, and R. N. Harris being legal voters, residing
 within said territory, who shall act as commissioners of
 election at the first election to be held in said town as
 provided in said Chapter 47 of the Code of West Virginia.

Ordered that this Court be adjourned until tomorrow
 morning at 9 o'clock
 J. A. Smith

TOWN OF CEDAR GROVE

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 Cedar Grove 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 Cedar Grove 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 Cedar Grove Town Hall not less than 72 hours before a special 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 6th day of April, 2002.

Kenneth W. Beuter
Mayor

ATTEST:

Carly Bennett
Recorder

CERTIFICATION

I, the duly appointed Recorder of the Town of Cedar Grove do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the Town Council of the Town of Cedar Grove at a regular meeting of Town Council held April 6, 2002 2002, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 6th day of April, 2002.

[SEAL]

Candice Bennett
Recorder

03/26/02
135050.00001

CH513903.1

CERTIFICATION OF MEMBERS OF COUNCIL

I, Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia, do certify that the following are the names of all members of the Common Council of the Town whose offices commenced on the 1st day of July, 1999 and terminate on the 30th day of June, 2003: Kenneth W. Barton; Carolyn Bennett; Charles Ellis; Kent Mason Stanley; Clayton L. Young, Jr.; Troy Page, Jr.; and James L. Blankenship.

I further certify that copies of the oaths of office taken by members of the council are attached as exhibits to this certification.

Given under my hand this 25th day of April, 2002.

Carolyn Bennett
Carolyn Bennett, Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Kenneth W. Barton, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Mayor
for a term provided by law.

Signed Kenneth W. Barton

Given under my hand this 1 day of July 1999

WITNESSED, Cathy Bennett
Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Carolyn Bennett, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Recorder
for a term provided by law.

Signed Carolyn Bennett

Given under my hand this 1 day of July, 1999

WITNESSED, Kenneth W. Benton
Mayor

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Charles Ellis, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Councilman for a term provided by law.

Signed Charles D. Ellis

Given under my hand this 1 day of July, 1999

WITNESSED, Kenneth W. Benton
Mayor

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Kent Mason Stanley, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Councilman
for a term provided by law.

Signed Kent Mason Stanley

Given under my hand this 1 day of July 1999

WITNESSED, Kenneth W. Banta
Mayor

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Clayton L. Young, Jr., do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Councilman
for a term provided by law.

Signed Clayton L. Young, Jr.

Given under my hand this 1 day of July 1999

WITNESSED, Kenneth W. Boster
Mayor

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Troy Page, Jr., do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Councilman for a term provided by law.

Signed Troy Page Jr.

Given under my hand this 22nd day of June, 2006

WITNESSED, Candy Bennett
Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, James L. Blankenship, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Councilman for a term provided by law.

Signed James L. Blankenship

Given under my hand this 26 day of June, 2000

WITNESSED, Carolya Bennett
Recorder



Introduced in Council
September 14, 1993

Introduced by
Carolyn Bennett, Recorder

Passed by Council
September 28, 1993

"Ordinance placing the custody, administration, operation and maintenance of the sewerage system of the Town of Cedar Grove, West Virginia, under the supervision and control of a sanitary board; creating such sanitary board of said Town; providing for the terms of office of and compensation for the members of such sanitary board; and making other provisions with regard to such sanitary board."

Be It Ordained by the Town Council of the Town of Cedar Grove, West Virginia:

ARTICLE I

Statutory Authority and Findings

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Article 13 of Chapter 16 of the Code of West Virginia of 1931, as amended (the "Act"), particularly Section 18 thereof, and other applicable provisions of law.

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

(A) The Town of Cedar Grove, West Virginia (the "Town"), contemplates the construction and acquisition of certain improvements, extensions, betterments and additions (the "Project") to its municipal sewerage system (the existing collection lines together with the Project and any further extensions, improvements, betterments and addition thereto, the "System") and the permanent financing of such construction and acquisition not otherwise provided by the issuance of sewerage system revenue bonds pursuant to the Act.

(B) In accordance with Section 18 of the Act, the Council of the Town must provide by ordinance that the custody, administration, operation and maintenance of the System shall be under the supervision and control of a sanitary board.

(C) It is necessary and desirable for health, welfare and safety of the inhabitants of the Town that the System be

constructed and acquired pursuant to the provisions of the Act and, accordingly, that a sanitary board be created, appointed and given supervision and control of the System.

ARTICLE II

SANITARY BOARD

Section 2.01. System under Control and Supervision of Sanitary Board. The custody, administration, operation and maintenance of the System, including any further extensions, betterments or improvements to the System that may hereafter be acquired, shall be, and are hereby, placed under the supervision and control of the sanitary board created pursuant to Section 2.02 hereof. Said sanitary board shall have all the power and authority properly vested in it in accordance with the Act.

Section 2.02. Creation and Membership of Sanitary Board. There is hereby created a sanitary board of the Town (the "Sanitary Board"), composed of the mayor of the of the Town and two persons appointed by the Council of the Town, one of whom, during the period of construction of the Project or any extensions, betterments or improvements to the System must be a registered professional engineer. The engineer member of the Sanitary Board need not be a resident of the Town. After any such construction has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on the Sanitary Board until at least one year after the expiration of his or her term of public office.

Section 2.03. Terms of Office. The term of office of an appointed Sanitary Board member shall be three years; provided, however, the original appointees shall be appointed for terms of two and three years, respectively.

Section 2.04. Vacancy in Office. Any vacancy in the office of an appointed Sanitary Board member shall be filled for the unexpired term in the same manner as the original appointment.

Section 2.05. Organization of Sanitary Board. The mayor of the Town shall act as chairman of the Sanitary Board. The Sanitary Board shall elect a vice-chairman from its members and shall designate a secretary and treasurer, who need not be members of the Sanitary Board; provided, however, the secretary and treasurer may be one and the same person. The vice-chairman, secretary and treasurer shall hold office as such at the will of the Sanitary Board. The Sanitary Board shall have power to establish bylaws, rules and regulations for this own government.

Section 2.06. Compensation of Sanitary Board Members and Officers.

(A) The members of the Sanitary Board shall receive as compensation for their services \$25.00 for each meeting of the Sanitary Board attended; provided, however, no member shall be compensated for any meeting that he or she does not attend. In addition to the compensation provided in the preceding sentence, the members of the Sanitary Board shall be entitled to payment for their reasonable expenses incurred in the performance of their respective duties.

(B) The secretary and the treasurer of the Sanitary Board shall receive no compensation for his or her respective services; provided that the secretary and treasurer or the secretary-treasurer, as the case may be, shall be entitled to payment for their or his or her reasonable expenses incurred in the performance of their respective or his or her duties.

(C) All compensation and reimbursement of expenses referred to in this section shall be paid solely from funds provided under the authority of the Act.

Section 2.07. Bonds. No bond shall be required for the members of the Sanitary Board; provided, however, that any withdrawal, disbursement, transfer or exchange of or any other transaction involving funds or other property of, or under the supervision and control of, the Sanitary Board shall require the signature at least of the treasurer of the Sanitary Board. Said treasurer of the Sanitary Board shall be bonded in the amount of \$50,000 throughout his or her term as treasurer.

ARTICLE III

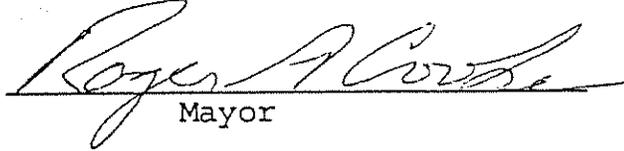
MISCELLANEOUS

Section 3.01. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 3.02. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are to the extent of such conflict repealed.

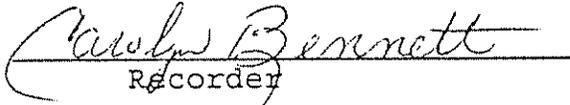
Section 3.03. Effective Date. This Ordinance shall take effect immediately upon passage.

TOWN OF CEDAR GROVE



Mayor

[SEAL]



Recorder

First Reading: Sept. 14, 1993

Second Reading: Sept. 28, 1993

ABB04015

CERTIFICATION OF MEMBERS OF SANITARY BOARD

I, Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia, do certify that the following are the names of all members of the Sanitary Board:

<u>NAME</u>	<u>TERM OF OFFICE</u>
Kenneth W. Barton	07/01/99 - 06/30/03
Carolyn Bennett	07/01/99 - 06/30/03
Jeff Bitzer, Engineer	07/01/00 - 06/30/02
David Eary	07/01/00 - 06/30/03
Charles Qualls	07/01/00 - 06/30/03

I further certify that copies of the oaths of office taken by members of the Sanitary Board are attached as exhibits to this certification.

Given under my hand this 25th day of April, 2002.

Carolyn Bennett
Carolyn Bennett, Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Charles Qualls, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as member of Sanitary Board for a term provided by law.

Signed

Charles Qualls

Given under my hand this 6th day of July 2000

WITNESSED,

Carol Bennett
Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Kenneth W. Barton, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Chairman member of Sanitary Board
for a term provided by law.

Signed Kenneth W. Barton

Given under my hand this 1st day of July 1995

WITNESSED, Carly Bennett
Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, David Eary, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as member of Sanitary Board for a term provided by law.

Signed David a. Eary

Given under my hand this 3rd day of April 2000

WITNESSED, Cathy Bennett
Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE OATH OF OFFICE

I, Jeff Bitzer, do solemnly swear that I will uphold the Constitution of the United States, the laws of the State of West Virginia and the Ordinances of the Town of Cedar Grove, West Virginia. I will at all times carry myself as a Gentleman and protect the rights of the citizens of Cedar Grove.

I, hereby, accept the position as Member of the Sanitary Board
for a term provided by law. engineer

Signed



Given under my hand this 14th day of December, 1993

WITNESSED:



Secretary-Treasurer

BYLAWS AND RULES OF PROCEDURE
TOWN OF CEDAR GROVE SANITARY BOARD

ARTICLE I

NAME, PLACE OF BUSINESS AND FISCAL YEAR

Section 1. Name: TOWN OF CEDAR GROVE SANITARY BOARD

Section 2. The principal office of the Town of Cedar Grove Sanitary Board will be located at the Cedar Grove Town Hall, 302 Alexander Street, Cedar Grove, West Virginia 25039.

Section 3. The fiscal year of the Town of Cedar Grove Sanitary Board shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

The Town of Cedar Grove Sanitary Board is organized exclusively for the purposes set forth in Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act")

ARTICLE III

MEMBERSHIP

Section 1. The members of the Sanitary Board shall be composed of the Mayor and four persons appointed by the governing body pursuant to the Act, who shall serve for such terms as specified in the Act.

Section 2. Should any member of the Sanitary Board resign or otherwise become legally disqualified to serve as a member of the Sanitary Board, the Sanitary Board shall appoint a qualified person to fill such vacancy for the unexpired term thereof in the same manner as the original appointment, and as further prescribed under the Act.

ARTICLE IV

MEETINGS OF THE SANITARY BOARD

Section 1. The members of the Sanitary Board shall hold regular meetings on the second Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Sanitary Board may be called at any time by the Chairman or by a quorum of the Sanitary Board. All meetings shall be open to the public and news media.

Section 2. At any meeting of the Sanitary Board, two members shall constitute a quorum. Each member of the Sanitary Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purpose or purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of the Sanitary Board, and the date, time, place and purpose of all special meetings of the Sanitary Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Sanitary Board at the front door or bulletin board of the Town of Cedar Grove Town Hall of the date, time and place fixed and entered of record by the Sanitary Board 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 locations by the Secretary of the Sanitary Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Sanitary Board at the front door or bulletin board of the Town of Cedar Grove 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 cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Sanitary Board shall be a Chairman, a Vice Chairman, a Secretary and a Treasurer. The Chairman shall be the Mayor. The Vice Chairman shall be elected from the members of the Sanitary Board. The Secretary and Treasurer need not be members of the Sanitary Board, and may be the same person.

Section 2. The Vice Chairman, Secretary and Treasurer of the Sanitary Board shall hold office as such at the will of the Sanitary Board. Any vacancy occurring among the officers shall be filled by the members of the Sanitary Board at a regular or special meeting in the same manner as the original appointment.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Sanitary Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Sanitary Board and exercise such powers as may be conferred by the Sanitary Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Sanitary Board when and if directed by the members of the Sanitary Board.

Section 2. The Secretary shall keep a record of all proceedings of the Sanitary Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the Sanitary Board and all deeds and other writings and papers of the Sanitary Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Sanitary Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the Sanitary Board and shall disburse funds of the Sanitary Board on orders authorized or approved by the Sanitary

Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Sanitary Board as the members may from time to time prescribe. He or she shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Sanitary Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman is absent from any meeting, the Vice Chairman shall act as Chairman and shall have all the powers of the Chairman during such period of absence. If the Secretary or Treasurer is absent from any meeting, the remaining members of the Sanitary Board shall select a temporary secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO BY LAWS AND RULES OF PROCEDURE

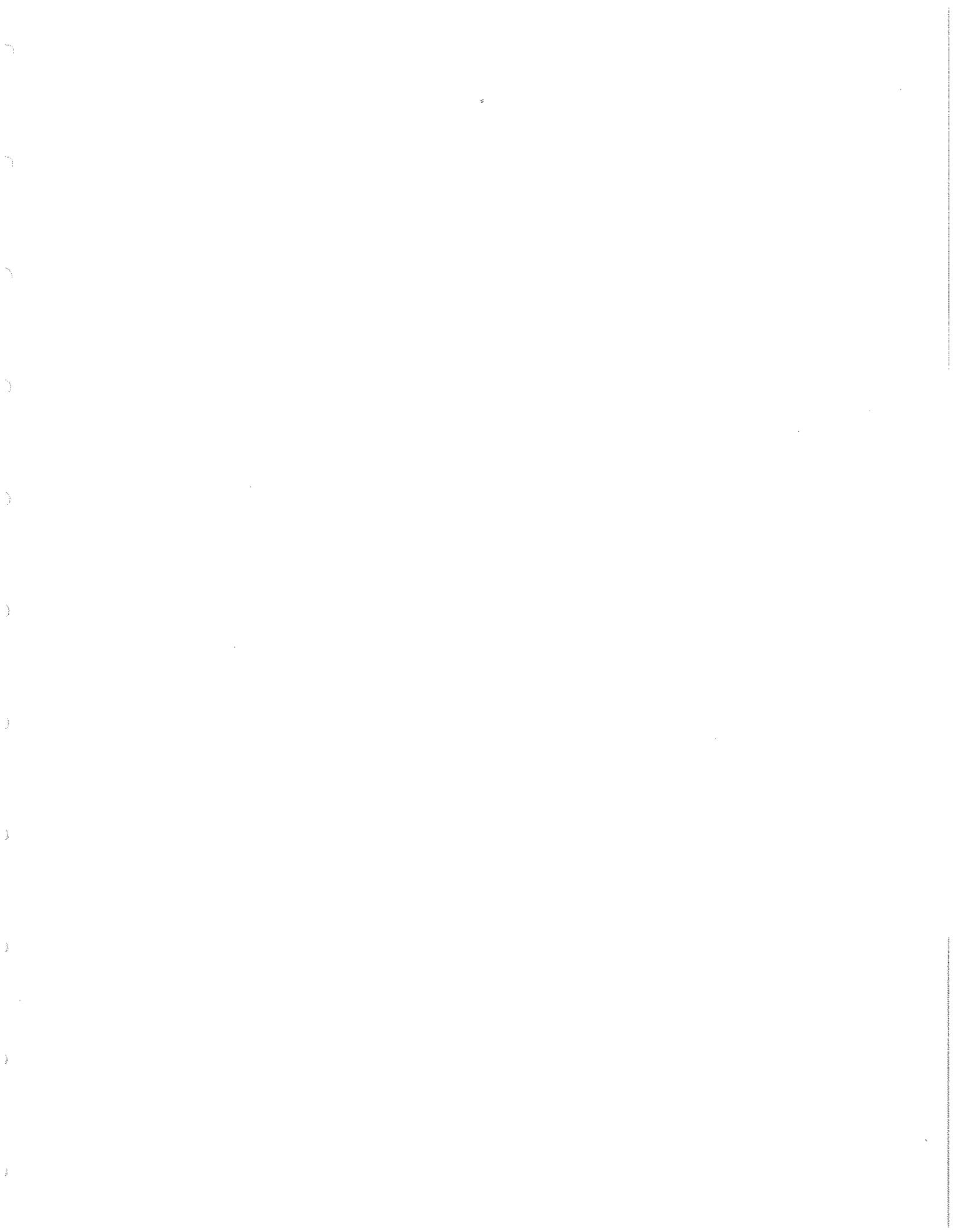
These Bylaws and Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Sanitary Board by a majority vote of the entire Sanitary Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Bylaws and Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the Sanitary Board. In the event of a conflict between these Bylaws and Rules of Procedure and any provisions of the Charter, such Charter provisions shall prevail.

Adopted this 6th day of April, 2002.

03/21/02
135050.00001

CH512953.1



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Cedar Grove (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that sewer revenue bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed \$2,000,000, for the purpose of financing a portion of the costs of certain additions, betterments and improvements to the existing public sewerage system of the Town, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 9th day April, 2002.

SANITARY BOARD OF THE
TOWN OF CEDAR GROVE

By: Kenneth W. Winters
Its: Chairman

03/22/02
135050.00001

CH512951.1

TOWN OF CEDAR GROVE

AN ORDINANCE ESTABLISHING AND FIXING SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES, DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF CEDAR GROVE

THE COUNCIL OF THE TOWN OF CEDAR GROVE HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewage services provided to all general domestic, commercial, and industrial users and customers of the Town of Cedar Grove Municipal Collection 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

SCHEDULE I

APPLICABILITY

Applicable to the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial (except unusual industrial waste) service.

RATES

First 2,000 gallons used per month	\$7.25 per 1,000 gallons
Next 3,000 gallons used per month	\$6.45 per 1,000 gallons
Next 20,000 gallons used per month	\$5.65 per 1,000 gallons
Over 25,000 gallons used per month	\$4.85 per 1,000 gallons

Sewer service charges shall be based upon the volume of water delivered to the customer's property. This volume is measured by the water meter serving the premises. Provided, that, in cases where a user provides his or its own water supply, charges for sewer service shall not be less than the minimum monthly rate.

MINIMUM CHARGE

No bill shall be rendered for less than \$14.50 per month.

CONNECTION FEE

A fee of Two Hundred and Fifty Dollars (\$250.00) will be charged for each new connection to the system.

UNMETERED RATE

A flat fee of \$30.62, based on 4,500 gallons of water usage per month, will be charged for all unmetered water customers.

DOMESTIC SECURITY DEPOSITS

A refundable security deposit not to exceed 1/12 of the annual estimated charge for domestic service 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 annual estimated charge for commercial or industrial service 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.

DELAYED PAYMENT PENALTY

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

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES

If any bill is not paid within 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, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$20.00 shall be charged; or in the event the delinquent water bill is collected in the field by the Town, an administrative fee of \$20.00 shall be charged. Whenever water service which has been previously disconnected for non-payment is reconnected, a reconnection fee of \$20.00 shall be charged.

RETURNED CHECK CHARGE

If a check 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 \$15.00.

LEAK ADJUSTMENT INCREMENT

\$2.04 per 1,000 gallons

This rate is to be used when the customer's bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE TOWN'S SANITARY SEWER SYSTEM

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

$$S = A \times R \times .0006233 \times C$$

- S - The surcharge in dollars
- A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet
- R - The measured monthly rainfall, in inches
- .0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water
- C - The Town's approved rate per thousand gallons of metered water usage

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

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

SECTION 2. SEWER USAGE RULES AND REGULATIONS

The Town of Cedar Grove Sewer Use Ordinance, as last amended, shall be controlling rules and regulations regarding sewer usage.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

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

SECTION 4. 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 5. 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 Charleston Daily Mail and the Charleston Gazette, qualified newspapers of general circulation in the Town of Cedar Grove, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on June 15, 2002 at 10:00 a.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, Cedar Grove, West Virginia.

First Reading: June 1, 2002

Second Reading: June 15, 2002

TOWN OF CEDAR GROVE, a municipal corporation

Kenneth W. Barton
Kenneth W. Barton, Mayor

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced for first reading and adoption at a meeting of the Town Council of the Town of Cedar Grove held on June 1, 2002, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the Town Council of the Town of Cedar Grove at the Town Hall, Cedar Grove, West Virginia, on June 15, 2002, at 10:00 a.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Recorder in the Town Hall, Cedar Grove, West Virginia during regular office hours.



Carolyn Bennett, Recorder of the
Town of Cedar Grove





CHARLESTON NEWSPAPERS

P.O. Box 2993
 Charleston, West Virginia 25330
 Billing 348-4898
 Classified 348-4848
 1-800-WVA-NEWS
 FEIN 55-0676079

INVOICE DATE	06/13/02
ACCOUNT NBR	072821103
SALES REP ID	0020
INVOICE NBR	942787001

Legal pricing is based upon 63 words per column inch.

Each successive insertion is discounted by 25% of the first insertion rate.

The Daily Mail is at a rate of \$.0825 per word, and the Charleston Gazette is at a rate of \$.0925 per word

ISSUE DATE	AD TYPE	PUB	DESCRIPTION		AD NUMBER	AD SIZE		RATE	GROSS AMOUNT	NET AMOUNT
			REFERENCE NBR	PURCHASE ORDER #		TOTAL RUN				
06/05	LEGF	GZ	942787001		L553247	3X1475	44.25	5.51	243.82	
06/05	LEGF	DM	942787001		L553247	3X1475	44.25	5.51	243.82	487.64
06/12	LEGR	GZ	942787002			3X1388	41.64	5.51	229.45	
06/12	LEGR	DM	942787002			3X1388	41.64	5.51	229.45	



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P.O. Box 2993
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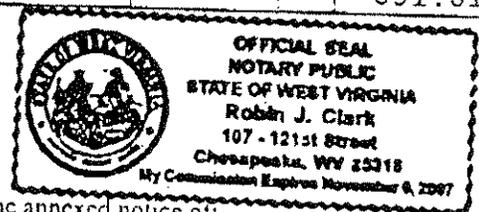
The Daily Mail is at a rate of \$.0825 per word, and the Charleston Gazette is at a rate of \$.0925 per word.

ISSUE DATE	AD TYPE	PUB	DESCRIPTION		AD NUMBER	AD SIZE		RATE	GROSS AMOUNT	NET AMOUNT
			REFERENCE NBR	PURCHASE ORDER #		TOTAL RUN				
									114.73-	344.17
TOTAL INVOICE AMOUNT										831.81

State of West Virginia,

AFFIDAVIT OF PUBLICATION

I, Sandra Legg of
 THE CHARLESTON GAZETTE, A DAILY DEMOCRATIC NEWSPAPER,
 THE DAILY MAIL, A DAILY REPUBLICAN NEWSPAPER,
 published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of:
 CEDAR GROVE

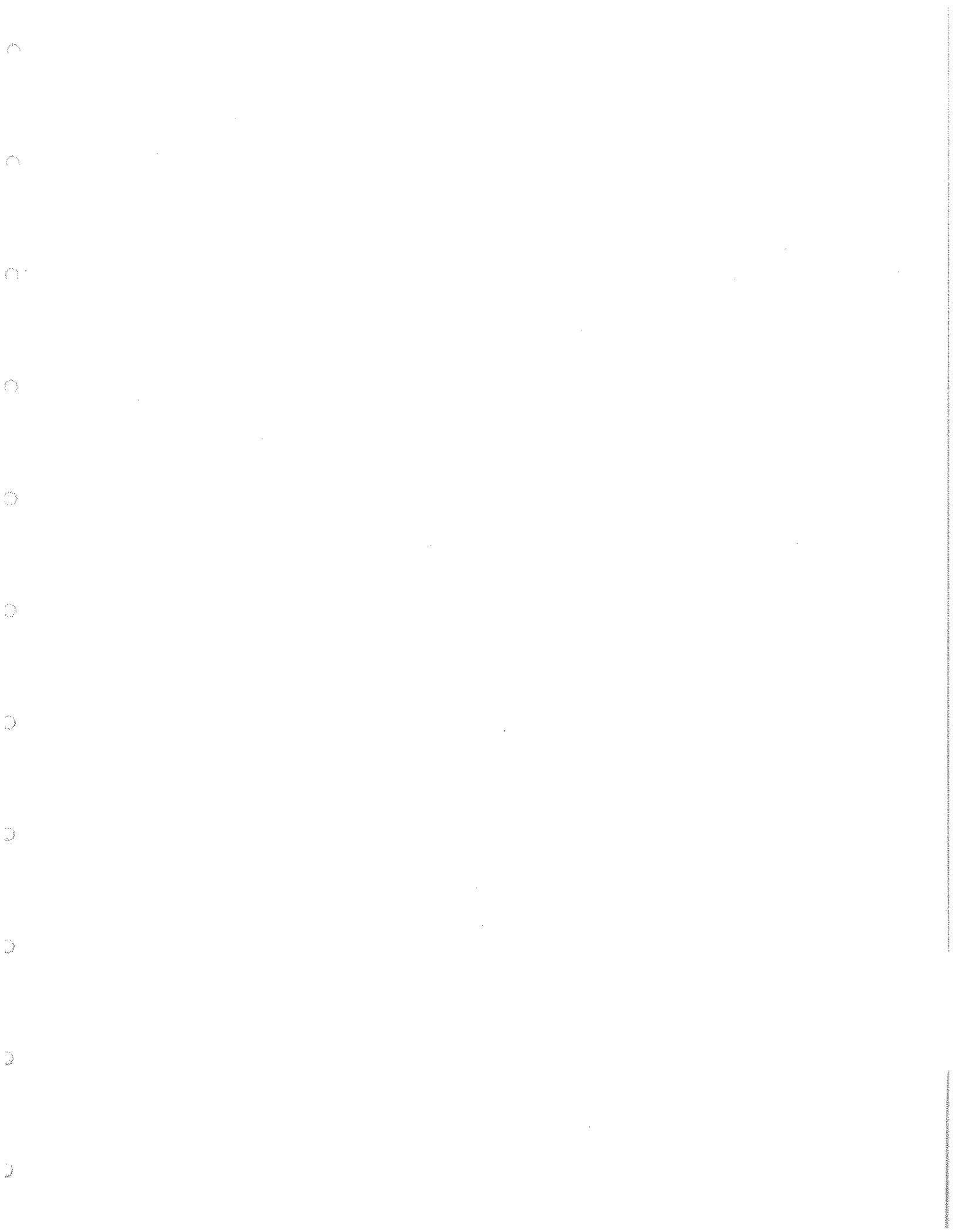


was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County West Virginia, on the 6TH day of JUNE 2002. Published during the following dates: 06/05/02-06/12/02

Subscribed and sworn to before me this 14 day of June

Printers fee \$ 831.81

Robin J. Clark
 Notary Public of Kanawha County, West Virginia



TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

June 1, 2002

The meeting of the Town Council was held June 1, 2002. The meeting was held at 10:00 a.m. in the Town Hall. The meeting was called to order by Mayor Barton.

Roll Call:	Mayor	-----	Kenneth Barton	-----	Present
	Recorder	----	Carolyn Bennett	-----	Present
	Council	-----	James Blankenship	-----	Present
		-----	Charles Ellis	-----	Present
		-----	Troy Page, Jr.	-----	Present
		-----	Kent Stanley	-----	Absent
		-----	Clayton Young, Jr.	-----	Absent

Upon motion by Councilman Blankenship and seconded by Councilman Ellis the Council agreed to accept the minutes as presented. Motion carried.

Bills were presented to the Council. After discussion, the Council agreed to pay the bills. A motion was made by Councilman Page and seconded by Councilman Blankenship. Motion carried.

Doug McClure from the Cedar Grove reunion committee was present to talk to the Council. He wanted to thank the Council for their support and donation to the reunion committee.

Mayor stated that we have received the \$2,500.00 from the Kanawha County Commission for the park equipment. Also, Mr. Harold Fout gave a donation of \$500.00 to the park equipment. At this time, Mr. Fout gave his resignation.

Mayor stated that our new car is still down to Electronic Communication. They have not had time to start on the car. Mayor said that we will take the old blue car down to have the light bar taken off and put on the new car.

The mobile home at the lower end of Williams Street is being tore down. Mayor said that he will tell them that it has to be hauled off. Also the house on Grant Street is being tore down.

The Mayor stated that he called about the dumpsters. They will try to get them here some time next week.

Street signs have been ordered.

Councilman Page gave some prices on the new engine for the utility truck. Bids were given from J's Auto, Advance Auto, Jasper Engine and Bradleys Auto. After discussion, the Council agreed that the cheapest way was to buy the engine from Advance Auto and have Bradley installed it. A motion was made by Councilman Blankenship and seconded by Councilman Ellis. Motion carried. Councilman Page did not vote.

The Mayor stated that no one has claimed the pocket book that was found.

We recieved a letter from the insurance company concerning the stolen tools. They need the report from the police that was filed. The report was mailed to them.

The Mayor stated that we have lost one of our slots on the police grant because of the Snuffer case. This was discussed by the Council.

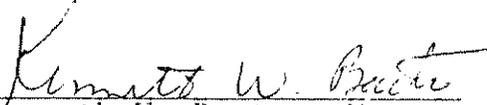
A protest was made by the Chelyan Public Serice on the last sewer ordinance. Mr. Good had to write a new one. The Mayor introduced the new ordinance to the Council. The new ordinance was read to the Council by the Mayor. This was an ordinance establishing and fixing sewer rates, connection charges, reconnection charges, delayed payment penalty and other charges for service to customers of the sewerage system of the Town of Cedar Grove. This was the first reading of the ordinance.

Due to the new ordinance on the sewer rates, the closing date on the sewer project will be July 20, 2002. This was discussed by the Council.

The police department was discussed. The cars are not being taken care of. No one is checking the oil and other fluids in the cars. The Mayor said that he has had a talk with the police and will talk to them again.

Council discussed the Council meeting that will be on the 4th of July weekend. After discussion, Council agreed not to have a meeting on July 6th. A lot of people will be out of town. A motion was made by Councilman Blankenship and seconded by Councilman Ellis. Motion carried.

There being no further business to come before the Council, a motion was made to adjourn the meeting by Councilman Ellis and seconded by Councilman Blankenship. The motion carried and the meeting was adjourned.


Kenneth W. Barton, Mayor


Carolyn Bennett, Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

June 15, 2002

The meeting of the Town Council was held June 15, 2002. The meeting was held at 10:00 a.m. in the Town Hall. The meeting was called to order by Mayor Barton.

Roll Call:	Mayor	-----	Kenneth Barton	-----	Present
	Recorder	-----	Carolyn Bennett	-----	Present
	Council	-----	James Blankenship	-----	Present
		-----	Charles Ellis	-----	Present
		-----	Troy Page, Jr.	-----	Present
		-----	Kent Stanley	-----	Present
		-----	Clayton Young, Jr.	-----	Present

Upon motion by Councilman Blankenship and seconded by Councilman Page the Council agreed to accept the minutes as presented. Motion carried.

Bills were presented to the Council. After discussion, the Council agreed to pay the bills. A motion was made by Councilman Young and seconded by Councilman Ellis. Motion carried.

Jerry Jessie from the Chelyan Public Service District was present to talk to the Council about the wording in the last sewer ordinance. They do not want any waste hauler dumping sewer into our system. The Mayor stated that a new ordinance has been written and this will not happen. The wording has been changed.

The Mayor stated that he has told the man who is tearing down the trailer to remove everything. If not, he will be fined.

The motor is in for the utility truck. The truck will be taken to Bradley's on Monday for repair.

The steering column is broken in the sewer truck. This was discussed by the Council. The Mayor stated that one has been ordered and will be installed.

The Council discussed the police cars and the trucks. Our employees need to take better care of the vehicles.

The park was discussed. We are still waiting for the money to come in from the budget digest.

A second reading was given on the sewer rate ordinance. The ordinance was read by the Mayor to the Council. This was an ordinance establishing and fixing sewer rates, connection charges, reconnection charges, delayed payment penalty and other charges for service to customers of the sewerage system of the Town of Cedar Grove. After discussion, a motion was made by Councilman Young to accept the ordinance. The motion was seconded by Councilman Page. The motion carried and the ordinance was adopted.

The sewer pumps were discussed. Doug Craigo needs to do more checking every week on the pumps. The pumps are costing us too much money to maintain. The sewer line for Eric Holcomb out at Cedar Grove Furniture was discussed.

Councilman Stanley stated that the generator needs to be started. Also, it needs a battery and a cover. This was discussed by the Council.

The Mayor stated that July 13, 2002 will be our celebration for the Town. There will be free food, Sarah Patrick will be singing and a soft ball game has been scheduled. Also, a boat ride on the P.A. Denny and a trolley car ride has been scheduled for 150 people. This was discussed by the Council.

Councilman Young wanted to know why did we pick up garbage on Memorial Day. This was not done in good taste. This shows no respect for the veterans. This was discussed by the Council.

Overtime work was discussed. If it is required to work, than each man should work when he is asked.

Officers Acord and Bostic was present. The Council wanted to know if the police cars were being maintain. Councilman Young stated that this is the responsibility of the chief. There should be a list and everything should be check off on each shift. This was discussed by the Council. Councilman Stanley stated that he has had several complaints about the car being out of town. On a call that the fire department received, it took 55 minutes for the police to arrive. Also, at the end of each shift, the officer should leave the car full of gas for the next man. Also, the Council stated that they do not want any officers chasing anyone at a high rate of speed.

Officer Bostic told the Council that he would like to go to the academy. This was discussed and the Council took no action at this time. Mr. Bostic told the Council that he would be willing to pay his own way.

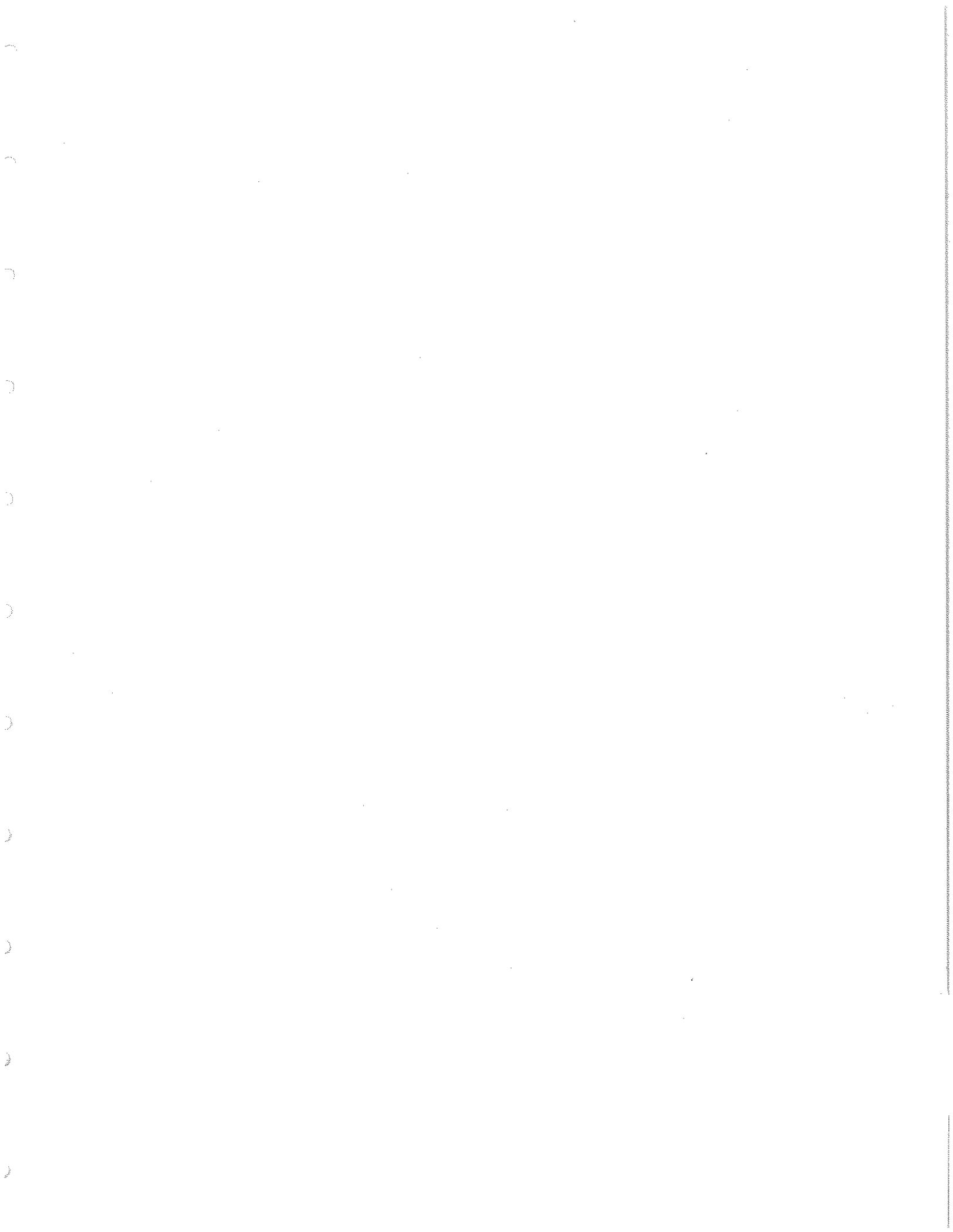
The caprice car was discussed. Council agreed that we would take the car to Paul Lilly and find out what is wrong with the car and how much it would cost to fix it.

The Mayor also stated that he does not want two officers working on the same shift unless it is necessary for the occasion.

There being no further business to come before the Council, a motion was made to adjourn the meeting by Councilman Ellis and seconded by Councilman Blankenship. The motion carried and the meeting was adjourned.

Kenneth W. Barton
Kenneth W. Barton, Mayor

Carolyn Bennett
Carolyn Bennett, Recorder





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INVOICE NBR	930203001

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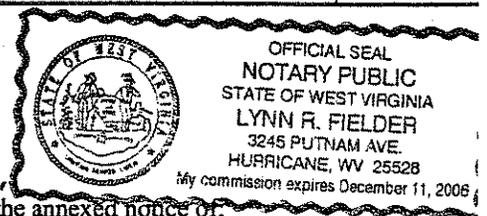
ISSUE DATE	AD TYPE	PUB	DESCRIPTION	AD NUMBER	AD SIZE TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
04/22	LEGF	GZ	CEDAR GROVE	L453436	1X1075			
			930203001 K.MATTOX		10.75	5.82	62.57	62.57
04/29	LEGR	GZ	CEDAR GROVE		1X1075			
			930203002 K.MATTOX		10.75	5.82	62.57	
			LEGAL DISCOUNT 25%				15.64-	46.93
TOTAL INVOICE AMOUNT								109.50

State of West Virginia,

AFFIDAVIT OF PUBLICATION

I, Sandra Legoy

of



THE CHARLESTON GAZETTE, A DAILY DEMOCRATIC NEWSPAPER, published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of:

CEDAR GROVE

was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha Cour West Virginia, on the 23RD day of APRIL 2002. Published during the following dates: 04/22/02-04/29/02

Subscribed and sworn to before me this 1 day of May

Printers fee \$ 109.50

Lynn R. Fielder

**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 Cedar Grove (the "Town"), to be held on Saturday, May 4, 2002, at 10:00 a.m. in Council Chambers at the Town Hall, 302 Alexander Street, Cedar Grove, West Virginia, and a such hearing any person interested may appear before the Council and present protests, and protests and suggestions shall be heard by the Council and it shall take actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITION, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEDAR GROVE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA SRP 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 BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERM AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was approved by the Council on April 20, 2002.

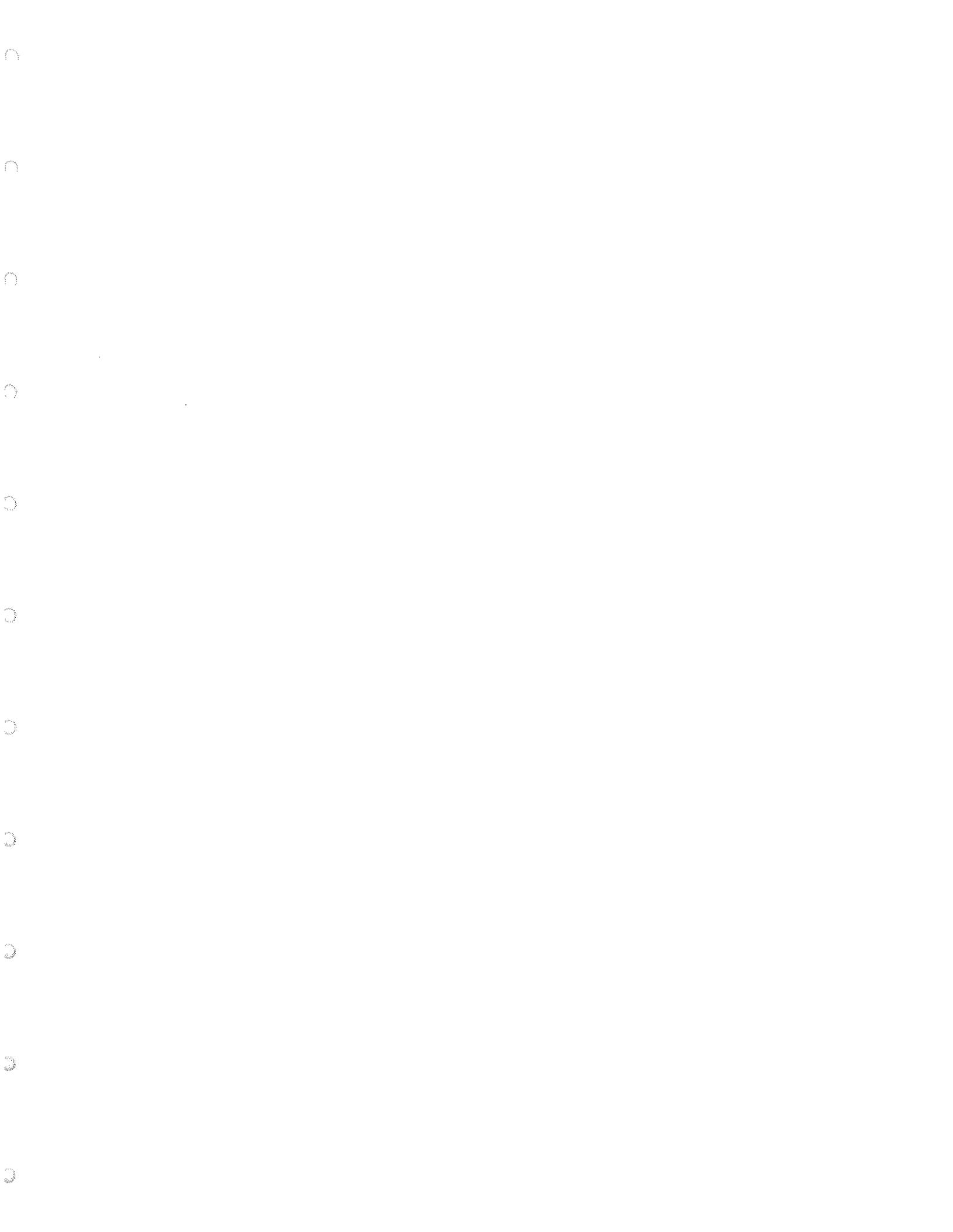
The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of betterments, additions and improvements to the sewerage system of the Town and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage coverage 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: April 20, 2002.

Carolyn Bennett
Recorder



TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

April 6, 2002

The meeting of the Town Council was held April 6, 2002. The meeting was held at 10:00 a.m. in the Town Hall. The meeting was called to order by Mayor Barton.

Roll Call:	Mayor	-----	Kenneth Barton	-----	Present
	Recorder	-----	Carolyn Bennett	-----	Present
	Council	-----	James Blankenship	-----	Present
		-----	Charles Ellis	-----	roll call only
		-----	Troy Page, Jr.	-----	Present
		-----	Kent Stanley	-----	Present
		-----	Clayton Young, Jr.	-----	Present

Upon motion by Councilman Young and seconded by Councilman Page the Council agreed to accept the minutes as presented. Motion carried.

Bills were presented to the Council. After discussion, the Council agreed to pay the bills. A motion was made by Councilman Blankenship and seconded by Councilman Stanley. Motion carried.

Andy Sheets was present to show the delegates that were present the movie on how the park would look when the project is finished. The delegates that were here to discuss the project were Bobby Hatfield, Sharon Spencer and Bonnie Brown. They are trying to help us get the money from the Budget Digest. Harold Fout took them over to see what we have done so far.

The Mayor told the Council that the Public Service has told us that our sewer rates are still too low. We must raise them again. We will have another meeting next week to have the first reading on the new sewer ordinance to raise the rates again. This was explained to the Council by the Mayor.

The Mayor stated that he has talked to the carnival man. He would like to come to our area in the month of May. Mr. Tucker, from the school, does not like this idea. He does not like the idea because school is still in session and the school might be using the football field.

The Snuffer case was discussed by the Council. The Mayor explained what has taken place so far.

Councilman Young would like for the trash to be picked up around town. The town just needs to be cleaned up.

The drain down at Mrs. Fridley was discussed by the Council. We will need to black top this area.

The sewer at the school was discussed. Councilman Young has had several complaints. This was discussed by the Council.

The Mayor read the resolution concerning Open Governmental Proceedings Rules. The Mayor read the resolution to the Council. Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Town of Cedar Grove does hereby adopt the following rules to make available, 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). After discussion, a motion was made by Councilman Stanley to accept the resolution. The motion was seconded by Councilman Young. The motion carried and the resolution was adopted.

Tim Easterday was present to talk to the Council concerning a pit bull that came into his yard and attacked his dog. He would like for the town to ban pit bulls. This was discussed by the Council and no action was taken at this time.

Councilman Stanley stated that the Fire Department would pay for the dumpster for the town clean up project.

The Council discussed junk vehicles that may be towed in the near future.

Councilman Stanley stated that the fire department needs some new fire hose. After discussion, the Council voted to give the fire department \$500.00 to buy new fire hose. A motion was made by Councilman Blankenship and seconded by Councilman Page. Motion carried.

Councilman Stanley stated that the town should have a town yard sale around the time that the Town of Glasgow has one. This was discussed by the Council. No action was taken at this time.

The Council discussed the ballfield. Everything is looking good and the field is all most finished.

The Mayor introduce the new sewer revenue bonds, series 2002 to the Council. This was the first reading of the bond. This is the ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEDAR GROVE AND THE FINANCING OF THE COST, NOT OTHER WISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA SRF 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 BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

There being no further business to come before the Council, a motion was made to adjourn the meeting by Councilman Page and seconded by Councilman Blankenship. Motion carried and the meeting was adjourned.

Kenneth W. Barton
Kenneth W. Barton, Mayor

Carolyn Bennett
Carolyn Bennett, Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

April 20, 2002

The meeting of the Town Council was held April 20, 2002. The meeting was held at 10:00 a.m. in the Town Hall. The meeting was called to order by Mayor Barton.

Roll Call:	Mayor	-----	Kenneth Barton	-----	Present
	Recorder	-----	Carolyn Bennett	-----	Present
	Council	-----	James Blankenship	-----	Present
		-----	Charles Ellis	-----	Present
		-----	Troy Page, Jr.	-----	Present
		-----	Kent Stanley	-----	Present
		-----	Clayton Young, Jr.	-----	Present

Upon motion by Councilman Ellis and seconded by Councilman Young the Council agreed to accept the minutes as presented. Motion carried.

Bills were presented to the Council. After discussion, the Council agreed to pay the bills. A motion was made by Councilman Blankenship and seconded by Councilman Page. Motion carried.

Beth Fouty Young was present to talk to the Council. She would like to have our support in the election on May 14, 2002.

The Mayor stated that we received a letter stating that the Snuffer case has been dismissed. This was discussed by the Council.

The fire hose for the Cedar Grove Fire Department has been purchased. The cost is around \$500.00.

The Mayor stated that the dog catcher has been picking up dogs. This was discussed by the Council.

The ball field was discussed. Councilman Young stated that we now have a new girls soft ball team that is coached by Mark Milam. Parking around the church and ball field was discussed.

The Mayor stated that he hired two new workers. Robert Smith will be cutting weeds and doing anything that needs to be done. Charles Qualls has a CDL licenses and will be a back up driver for the trucks. He will also be doing anything that needs to be done.

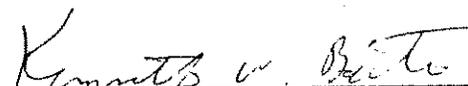
Councilman Stanley stated that the streets need to be cleaned and also trash needs to be picked up around town.

The town clean up was discussed. The Cedar Grove Fire Department will furnish the dumpsters. After discussion, Council set the date for May 28 - June 1, 2002.

Cedar Grove will have a town yard sale. The date will be May 4, 2002. On this date, Glasgow and East Bank will also have their town yard sale.

A second reading was given on the ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEDAR GROVE AND THE FINANCING OF THE COST, NOT OTHER WISE PROVIDED, THEREFORE THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA SRF 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 ISSURANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

There being no further business to come before the Council, a motion was made to adjourn the meeting by Councilman Ellis and seconded by Councilman Blankenship. The motion carried and the meeting was adjourned.


Kenneth W. Barton, Mayor


Carolyn Bennett, Recorder

Town Of Cedar Grove

P.O. Box 536

Cedar Grove WV 25039

Town Hall: 595-1841

Water Plant: 595-2991

Mayor: Kenneth Barton
Recorder: Carolyn Bennett
Council: James Blankenship
Charles Ellis
Troy Page, Jr.
Kent Stanley
Clayton Young, Jr.

May 4, 2002

The meeting of the Town Council was held May 4, 2002. The meeting was held at the Town Hall and was called to order at 10:00 AM by Mayor Barton. After recognizing the Recorder being absent due to an illness in her immediate family, the Mayor asked if Councilman Young would be acting Recorder.

Roll Call: Mayor	----	Kenneth Barton	----	Present
Recorder	----	Carolyn Bennett	----	Absent
Council	----	James Blankenship	----	Present
	----	Charles Ellis	----	Present
	----	Troy Page, Jr.	----	Present
	----	Kent Stanley	----	Present
Acting Recorder	----	Clayton Young, Jr.	----	Present

No minutes of the last meeting to read.

No bills were presented. After a discussion, the Council agreed to pay all regular bills. A motion was made by Councilman Page and seconded by Councilman Ellis. Motion carried.

The Mayor read the third reading of the Sewer Revenue Bond (Title) and this would be its adoption also. Motion was made by Councilman Ellis and seconded by Councilman Blankenship. Motion passed 6 -0.

The Mayor reported that the carnival would attentively be scheduled for June 10 - 15 on approval of the Principal of Cedar Grove Community School.

Councilman asked if new employees had signed Personnel Manuals. Mayor stated that they had seen them, but had not signed them yet. Mayor said he would have them signed by next Council meeting.

Councilman Young questioned the litter along Rt. 60 and through out town. Mayor stated that employees would attempt to pick up litter Thursday.

Councilman Ellis questioned the debris on all the storm drains along the streets. Mayor stated employees would take care of problem.

Councilman Young discussed problems with the sewer lift station. Mayor and Council agreed to get this matter solved by having line inspected or have engineering to look at it.

Mayor reported that new police car is scheduled to be manufactured at this time and needed approval to have it equipped at Electronic Communication as soon as it arrived. Council Stanley made a motion, seconded by Councilman Page. Motion carried 6 - 0.

Councilman Stanley discussed problems with utility truck motor. Councilman Page will report back with Council next meeting with prices.

Councilman Stanley discussed the need for street and sidewalk cleaning. The used fire hose could be used to clean streets. This would also flush hydrants, but notices would have to be sent out to residents prior. Also the need for a pressure washer was discussed to clean sidewalks and rid the grass from creaks. A motion was made by Councilman Stanley not to spend over 500.00 and seconded by Councilman Blankenship. Motion carried 6 - 0.

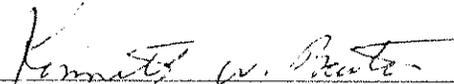
Councilman questioned the abandoned trailer in lower end. Mayor reported the landowner had been contacted.

Councilman Ellis discussed possibility of the P.A.Denny appearance at the Cedar Grove Celebration. Sponsorship would be needed.

Councilman Ellis discussed some complaint he had been receiving on a few senior citizens. Mayor will continue discussion with police department.

Council discussed complaints concerning trash collection. The need to be more thorough was expressed.

There being no further business to come before Council, a motion was made to adjourn the meeting by Councilman Stanley and seconded by Councilman Ellis. Motion carried 6 -0 and meeting was adjourned.


Kenneth W. Barton, Mayor

Clayton L. Young Jr., Acting Recorder


Recorder

TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

EXCERPT OF MINUTES ON ADOPTION OF
SUPPLEMENTAL RESOLUTION

The undersigned Recorder of the Town of Cedar Grove (the "City") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Town:

The Council of the Town met in regular session, pursuant to notice duly posted, on the 20th day of July, 2002, in Cedar Grove, West Virginia, at the hour of 10:00 a.m.

PRESENT: Kenneth W. Barton - Mayor
 Carolyn Bennett - Recorder
 Charles Ellis - Councilmember
 Clayton L. Young, Jr. - Councilmember
 Troy Page, Jr. - Councilmember
 James L. Blankenship - Councilmember

ABSENT: Kent Mason Stanley - Councilmember

Kenneth W. Barton, Mayor, presided, and Carolyn Bennett, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

The Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO
PRINCIPAL AMOUNT, DATE, MATURITY DATE,
REDEMPTION PROVISION, INTEREST RATE,
INTEREST AND PRINCIPAL PAYMENT DATES, SALE
PRICE AND OTHER TERMS OF THE SEWER
REVENUE BONDS, SERIES 2002 (WEST VIRGINIA SRF
PROGRAM), OF THE TOWN OF CEDAR GROVE;
APPROVING AND RATIFYING THE LOAN

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

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution 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, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

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

WITNESS my signature on this 31st day of July, 2002.


Recorder

07/05/02
135050.00001

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

NEW ISSUE REPORT FORM

Date of Report: July 31, 2002

(See Reverse for Instructions)

ISSUE: Town of Cedar Grove Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program)

ADDRESS: Post Office Box 536, Cedar Grove, West Virginia 25039

COUNTY: Kanawha

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 31, 2002

CLOSING DATE: July 31, 2002

ISSUE AMOUNT: \$1,500,000

RATE: 0% - Administrative Fee .5%

1ST DEBT SERVICE DUE: September 1, 2003

1ST PRINCIPAL DUE: September 1, 2003

1ST DEBT SERVICE AMOUNT: \$ 12,500

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: 304.340.318

CLOSING BANK: City National Bank

Contact Person: Carolyn Haynes

Phone: 304.595.2025

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Kenneth Barton

Position: Mayor

Phone: 304.595.1841

OTHER:

West Virginia Department of Environmental Protection

Contact Person: Rosalie Brodersen

Function: Branch Leader

Phone: 304.558.0637

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire
X Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

X Reserve Account: \$ 50,000

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

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.

05/28/02
135050.00001

© DELUXE TOP-STUB SAFETY PAPER

TOWN OF CEDAR GROVE
SEWER CONSTRUCTION FUND
P.O. BOX 536, P.H. 304-595-1841
CEDAR GROVE, WV 25039

89-452-31
519
8001843898

1001

PAY TO THE ORDER OF W.V. Municipal Bond Commission

777 thousand dollars

\$ 50,000.00
DOLLARS

DATE 7-31-02

City

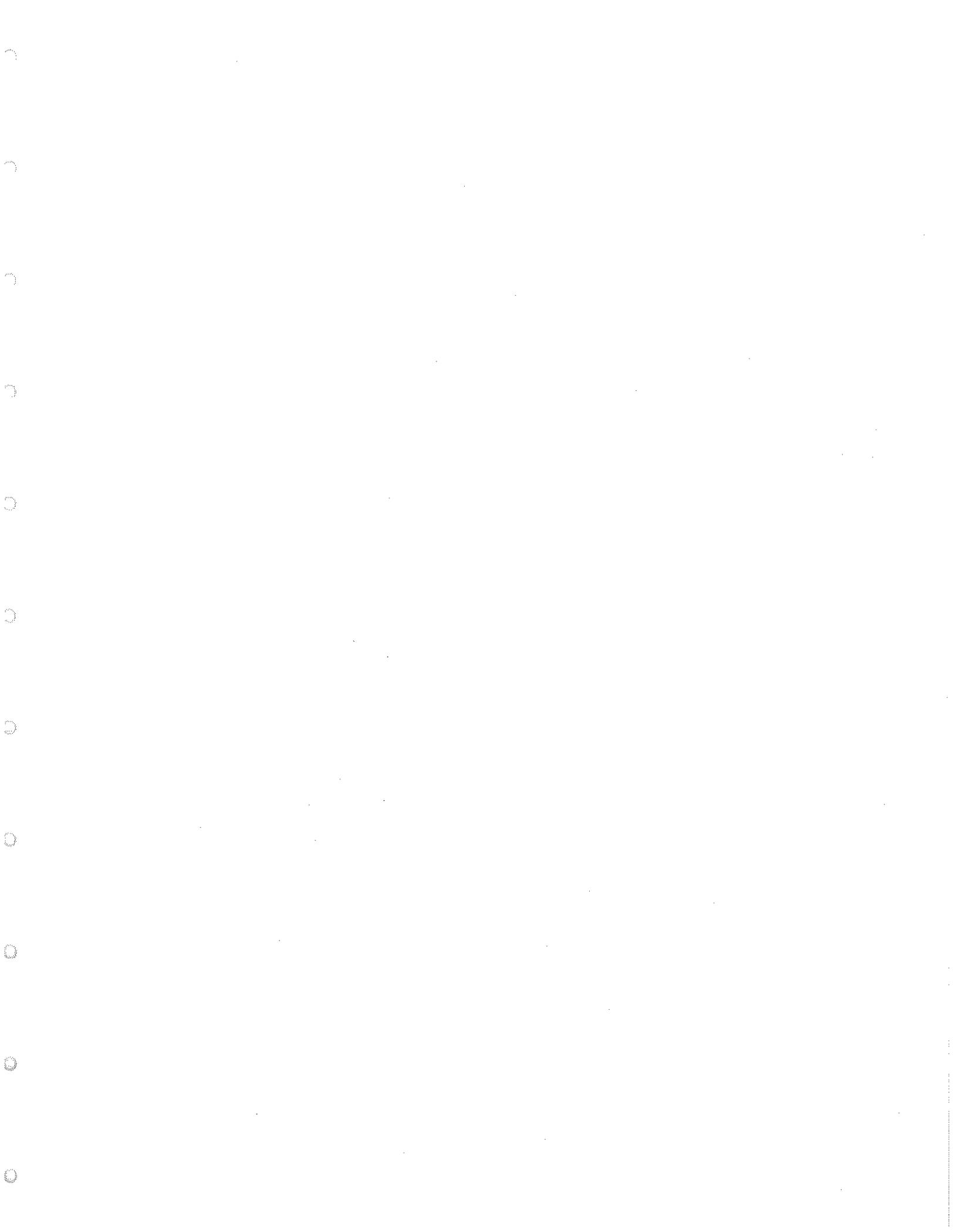


NATIONAL BANK
GLASBORO, WEST VIRGINIA 25038
MEMO Fully Fund Reserve Fund

Kenneth W. Braxton

MEMO NO 519045241 8001843898 1001

Carolyn Braxton



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

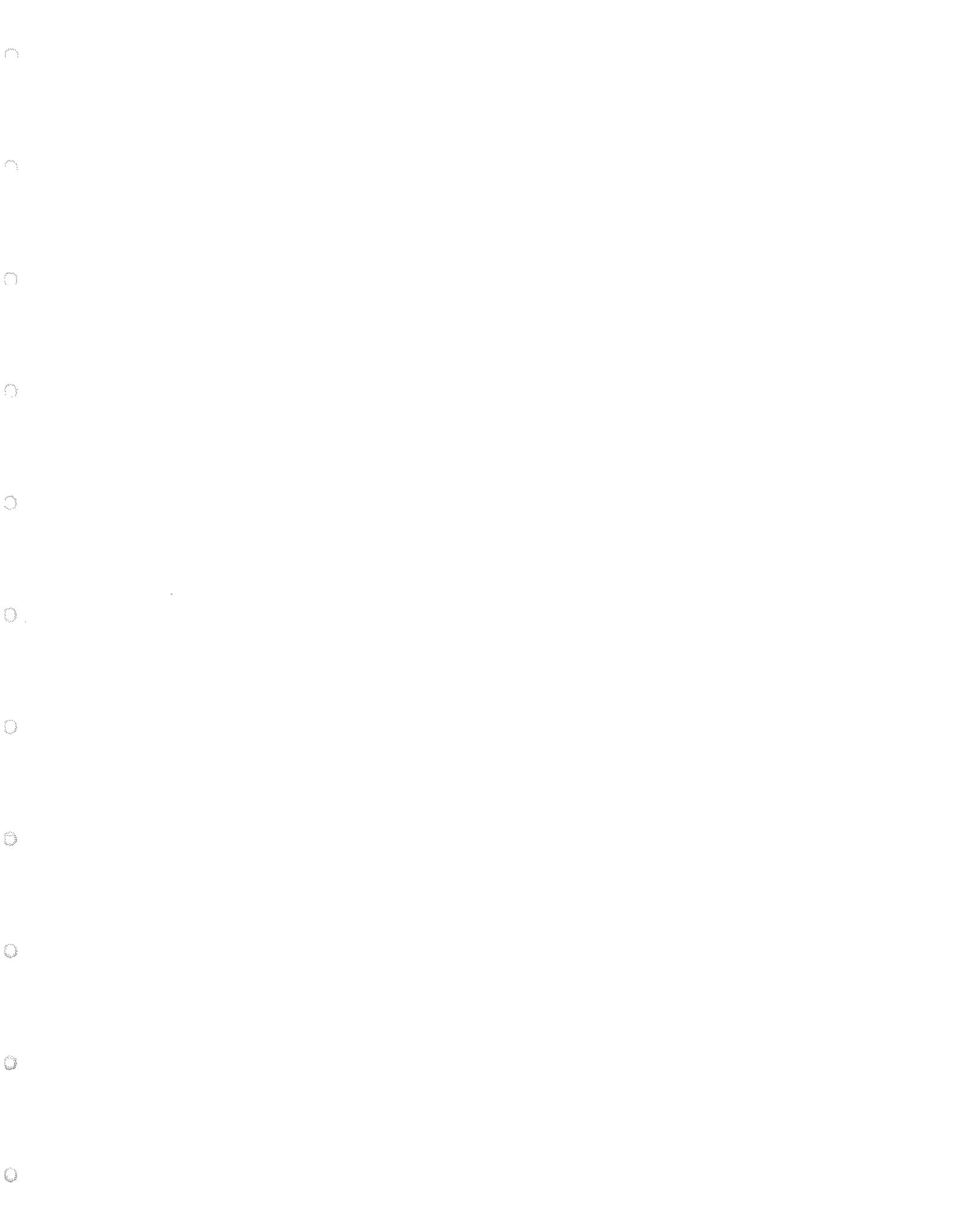
City National Bank, Glasgow, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Cedar Grove (the "Issuer") enacted by the Issuer on May 4, 2002, and a Supplemental Resolution adopted by the Issuer on July 20, 2002 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), dated July 31, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 31st day of July, 2002.

CITY NATIONAL BANK

By: Beverly Peters, Branch Mgr
Its: Authorized Officer

07/05/02
135050.00001



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

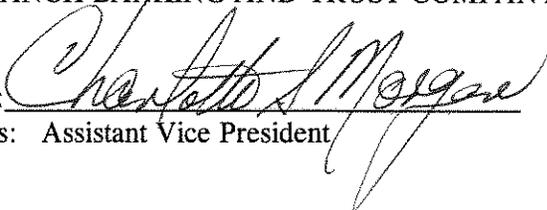
CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Cedar Grove (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, dated July 31, 2002, in the principal amount of \$1,500,000, numbered R-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Branch Banking and Trust Company, as Registrar.

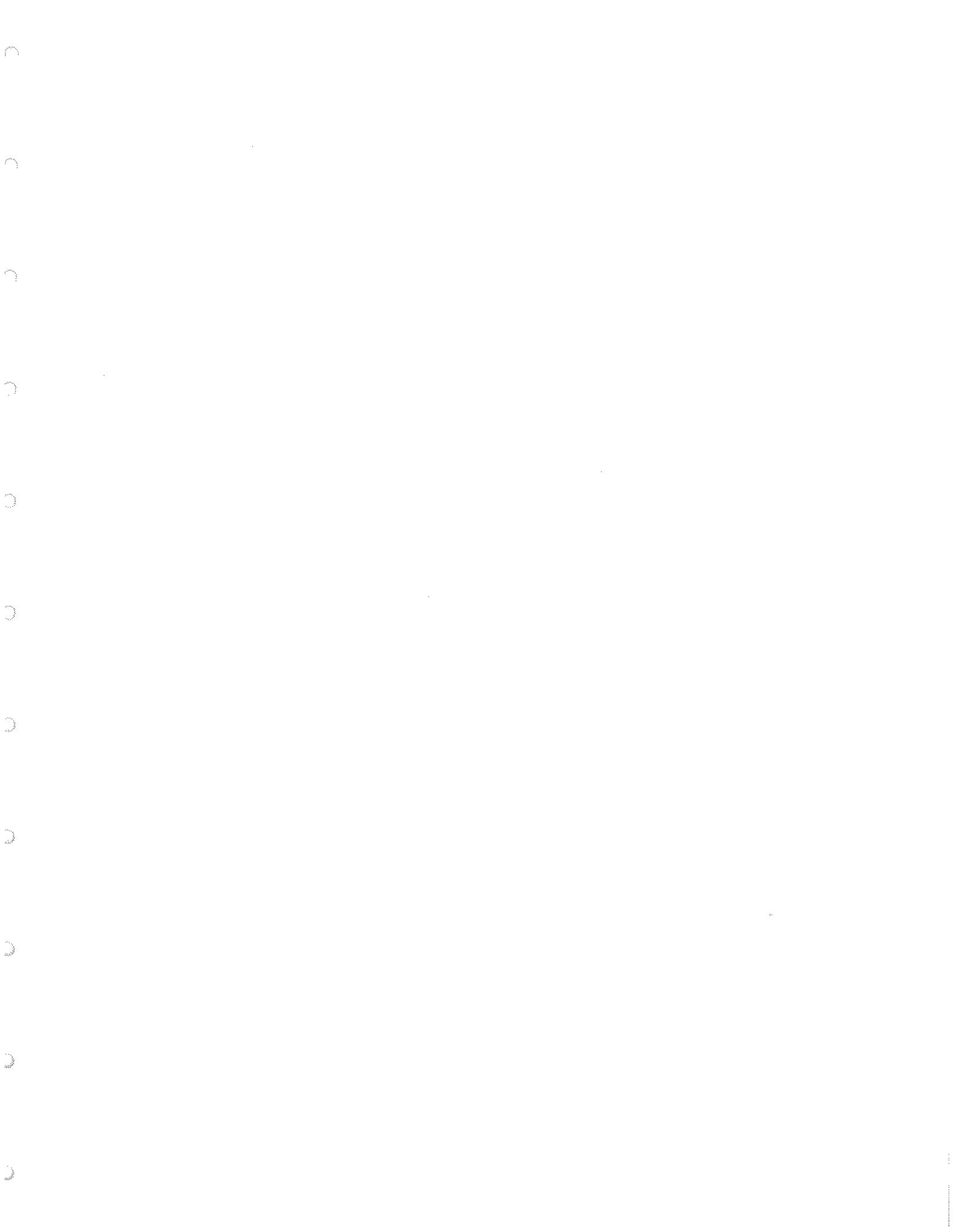
WITNESS my signature on this 31st day of July, 2002.

BRANCH BANKING AND TRUST COMPANY

By:


Its: Assistant Vice President

07/05/02
135050.00001



TOWN OF CEDAR GROVE

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 31st day of July, 2002, by and between the TOWN OF CEDAR GROVE, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,500,000 Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted May 4, 2002, and a Supplemental Resolution of the Issuer duly adopted July 20, 2002 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such

duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the 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 Cedar Grove
 302 Alexander Street
 Post Office Box 536
 Cedar Grove, West Virginia 25039
 Attention: Mayor

REGISTRAR: Branch Banking and Trust Company
Post Office Box 1793
300 Summers Street
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

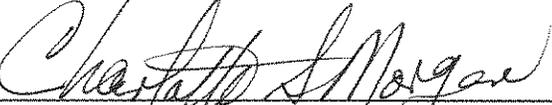
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF CEDAR GROVE



Mayor

BRANCH BANKING AND TRUST COMPANY



Assistant Vice President

07/05/02
135050.00001

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)



Trust Department

300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

July 31, 2002

Town of Cedar Grove
Attention: Mayor
302 Alexander Street
Post Office Box 536
Cedar Grove, WV 25039

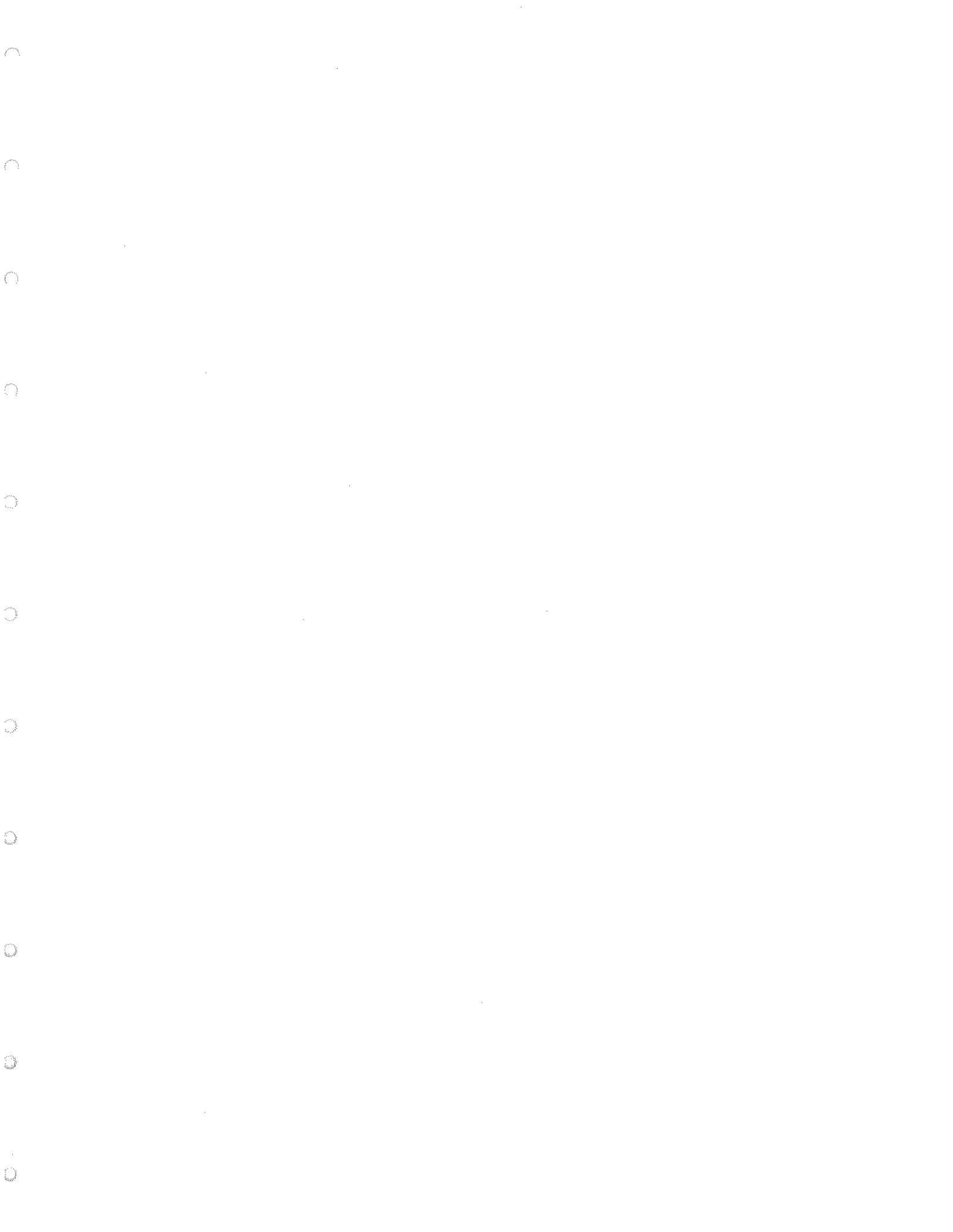
RE: Invoice

TOWN OF CEDAR GROVE, WEST VIRGINIA SEWER REVENUE BONDS,
SERIES 2002 (WEST VIRGINIA SRF PROGRAM)

ONE TIME FEE FOR SERVICES AS REGISTRAR AND
AUTHENTICATING AGENT.....\$250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326
Telephone: (304) 348-7239





Division of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone: 304.558.4086 or 558.8855
Fax: 304.558.5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

May 30, 2002

Eric T. Hartwell, P. E.
Dunn Engineers, Inc.
400 South Ruffner Road
Charleston, WV 25314

Re: WV/NPDES Permit No. WV0035637
Town of Cedar Grove

Dear Mr. Hartwell:

This is in response to your correspondence, dated May 13, 2002, requesting that this office provide you, on behalf of the Town of Cedar Grove, with our position relative to the need for the Town to obtain a Permit modification for their proposed project. The Town is in the processing of implementing a project to correct wastewater collection system problems.

Please be advised that it is the current policy of this agency to not require a formal Permit modification for wastewater collection system rehabilitation and/or relocation projects. Consequently, resultant to your telephone communication on May 24, 2002 with this office, and your presentation of the scope of the project that you provided during the discussion, it is the determination of this office that a formal Permit modification is not warranted.

Should you have any questions, please do not hesitate to contact John Morgan at 304-558-4086 or by TDD at 304-558-2751.

Sincerely,

Allyn G. Turner
Director

AGT/jdm

cc: Don Hill, Asst. Chief Insp.
Richard Hackney, Env. Inspector
Bud McCallister, Engineering Section
Town of Cedar Grove



STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0035637

ISSUE DATE: November 30, 2000

SUBJECT: Sewage Collection System

EFFECTIVE DATE : December 30, 2000

EXPIRATION DATE: November 29, 2005

LOCATION: CEDAR GROVE
(City)

Kanawha
(County)

Upper Kanawha River
(Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: CEDAR GROVE TOWN OF
PO BOX 536
CEDAR GROVE, WV 25309

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:

operate and maintain an existing sewage collection system consisting of approximately 2,860 linear feet of 12 inch sewer line, 500 linear feet of 10 inch sewer line, 28,800 linear feet of eight (8) inch sewer line, 2,800 linear feet of six (6) inch sewer line, six (6) lift stations, 7,400 linear feet of five (5) inch force main, 370 linear feet of two (2) inch force main, 1,100 linear feet of one and one-half (1.5) inch force main, 140 manholes, 12 cleanouts, and all other necessary appurtenances.

The sewage collection system is designed to serve approximately 1,700 persons in the Town of Cedar Grove and some customers in the Town of Glasgow. The sewage collection system conveys the wastewater to the Chelyan Public Service District's wastewater treatment plant for subsequent treatment and discharge to the Kanawha River at Mile Point 73.2.

This permit is subject to the following terms and conditions :

The information submitted on and with Permit Application No. WV0035637 dated the 1st day of June, 2000 and the additional information submitted on the 5th day of October, 2000 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.



DUNN ENGINEERS, INC.

June 13, 2002

Ms. Karrie Mattox
Steptoe and Johnson
Attorneys at Law
P. O. Box 1588
Charleston, WV 25326-1588

**RE: Town of Cedar Grove
Wastewater Collection System**

Dear Ms. Mattox:

Per your request, transmitted herewith is a copy of the first page of the NPDES permit and a copy of the letter from the WVDEP that states a formal permit modification is not required for the storm / sanitary sewer separation project.

Should you have any questions or need additional information, please give us a call.

Sincerely,

DUNN ENGINEERS, INC.

Eric T. Hartwell, P.E.

ETH:tp

Enclosures

CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: July 31, 2002
Re: Town of Cedar Grove Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

1. DISBURSEMENTS TO THE TOWN OF CEDAR GROVE

Payor: West Virginia Department of Environmental Protection
Amount: \$159,672
Form: Check
Payee: Town of Cedar Grove
Contact: Rosalie Brodersen - 304.558.0637

2. DISBURSEMENTS BY TOWN OF CEDAR GROVE TO THE WEST VIRGINIA MUNICIPAL BOND COMMISSION

A. Payor: Town of Cedar Grove
Amount: \$50,000
Form: Check
Payee: West Virginia Municipal Bond Commission
Memo: Fund Series 2002 Bonds Reserve Account

05/28/02
135050.00001

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

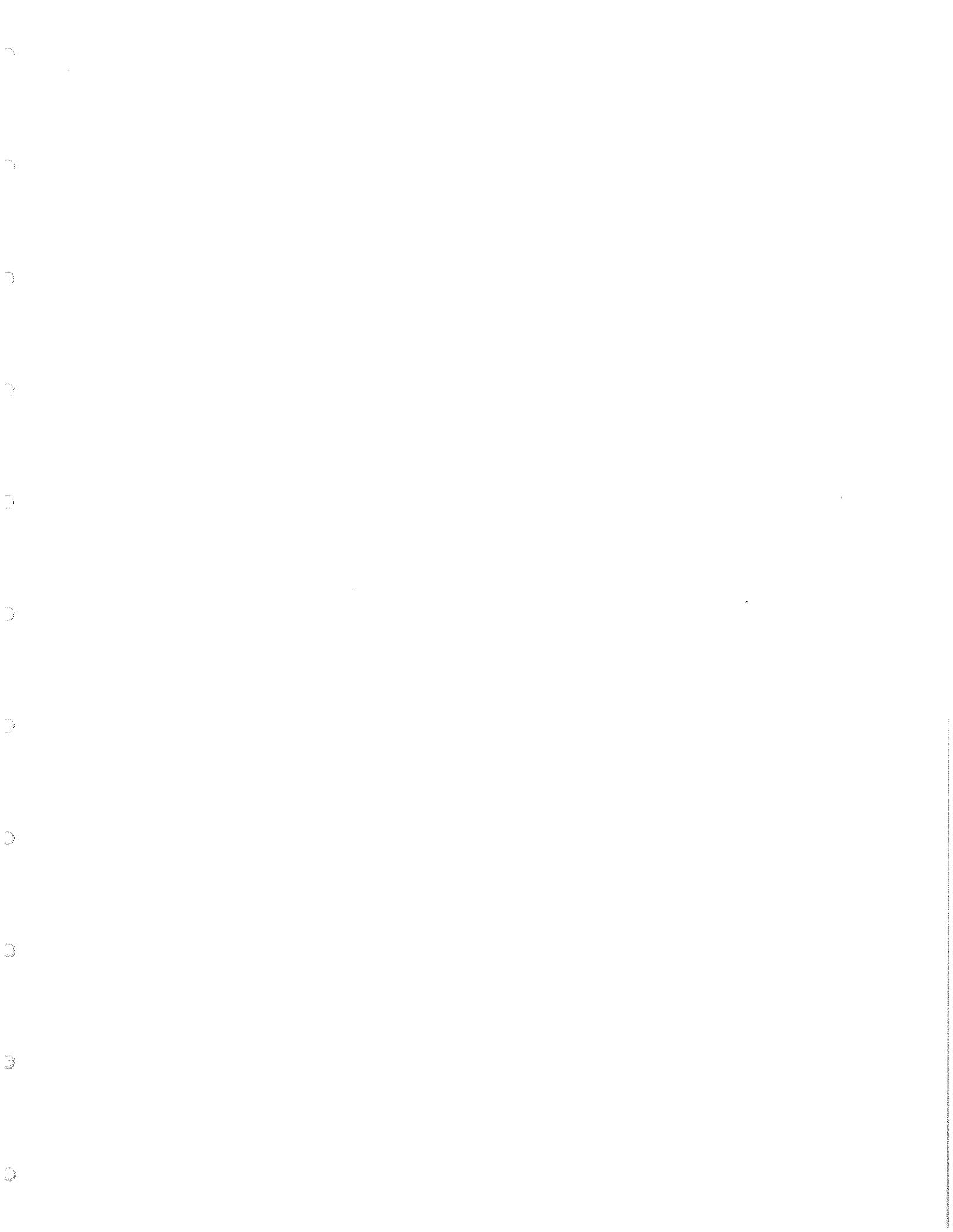
Date July 31, 2002 Time 10:00 a.m. LGA Town of Cedar Grove Program CWSRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
BRIAN HELMICK	Jackson + Kelly PLLC	304/340-1295	304/340-1080	bhelmick@jacksonkelly.com
BERNIE YONKOSKY	WV WDA	304/558-3612	558-0299	byonkosky@wvwda.org
ROSLIE BRODERSEN	WV DEP	558 0637	558-3778	brodersen@mail.dep.state.wv.us
Doug Olds	WV WDP	558-3612	558-0299	dolds@wvwda.org
John Stump	Stapac + Johnson PLLC	304-353-8776	304-353-8181	stumpja@stapjohnson.com
Eric Hartwell	Dunn Engineers Inc.	304-342-3436	304-342-3436	ehartwell@hol.com
FREDERICK L HYPES	Dunn Eng			

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 Mayor Kenneth Barton Telephone 304-595-1841 E-Mail _____
 Address P.O. Box 536, Cedar Grove WV 25039

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.



AGREEMENT

THIS AGREEMENT, Made the 6th day of December, 1993, by and between the TOWN OF CEDAR GROVE, Kanawha County, West Virginia, a municipal corporation, hereinafter designated as TOWN, THE SANITARY BOARD OF THE TOWN OF CEDAR GROVE, Kanawha County, West Virginia, hereinafter designated as BOARD, and the CHELYAN PUBLIC SERVICE DISTRICT, Kanawha County, West Virginia, a public corporation of the State of West Virginia, hereinafter designated as DISTRICT:

W I T N E S S E T H:

WHEREAS, the DISTRICT owns and is responsible for the operation of a sanitary sewer system and wastewater treatment plant for which improvements are planned with the capability of providing secondary treatment levels as established by the United States Environmental Protection Agency and the West Virginia Department of Commerce, Labor, and Environmental Resources, Water Resources Division; and,

WHEREAS, the TOWN and BOARD own and maintain a sanitary sewer collection system and has in effect certain rates and charges to be made by it for the sale of its services to its customers; and,

WHEREAS, the DISTRICT'S wastewater treatment plant and sanitary sewer system have an adequate design capacity to handle the TOWN and BOARD, and the DISTRICT agrees to reserve an adequate portion of the design capacity for use by the TOWN and BOARD, subject to the terms set forth herein; and,

WHEREAS, the TOWN and BOARD desire to connect to the sewer system of the DISTRICT and to be provided with secondary treatment of wastewater delivered to the DISTRICT'S sewer system by the TOWN and BOARD; and,

NOW, THEREFORE, in consideration of the recitals, the parties do hereby agree as follows:

1. The TOWN and BOARD shall design and cause to be constructed, at their sole cost, a sanitary sewer system meeting generally accepted sanitary engineering standards which will collect and transport sewage from within the boundaries of the TOWN to the DISTRICT'S sewer system at a point of connection, to be determined in the sole discretion of the DISTRICT at the East End of the unincorporated area of Shrewsbury, Kanawha County, West Virginia, as shown upon a drawing labeled "Drawing No. 1, Contract No. 5", prepared by S & S Engineers, Inc., the DISTRICT'S consulting engineer, said Drawing is attached hereto and marked for identification purposes as Exhibit A and incorporated as part of this Agreement for all pertinent purposes. The TOWN and BOARD shall further limit the total amount of flow discharged into the DISTRICT'S wastewater collection system to a maximum flow of 130 gallons per minute, not to exceed 188,000 gallons per day. In the

event the actual flow is more than 130 gallons per minute, and exceeds an average of 150,000 gallons per day, the TOWN and BOARD will pay to the DISTRICT the additional operation and maintenance costs incurred, and the TOWN and BOARD further agree to hold the DISTRICT harmless from and against any and all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the DISTRICT), causes of action, suits, claims, demands, administrative adjudications, and judgments of any nature arising from the TOWN and BOARD exceeding the 130 gallons per minute and maximum 188,000 gallons per day limitation heretofore established. The TOWN and BOARD shall further limit the amount of infiltration and inflow which will be permitted in the TOWN'S and BOARD'S newly constructed sanitary sewer collection system to zero (0) gallons of inflow and Two Hundred (200) gallons per inch diameter mile of infiltration per day during final inspection and testing of the sanitary sewer collection system. No industrial customer will use the TOWN'S and BOARD'S system without approval of the DISTRICT, so that pretreatment may be arranged and charges for the industrial waste formulated, if necessary.

2. The DISTRICT shall receive, treat and dispose of the wastewater from the TOWN and BOARD at the DISTRICT'S Wastewater Treatment Plant, in such manner, and according to such standards, as are required of a sanitary sewage treatment facility. The DISTRICT shall maintain responsibility for discharge of treated wastewater in accordance with State and Federal laws and regulations. The TOWN and BOARD shall be liable for fine and/or penalty incurred as a result of discharge violations occurring at the DISTRICT'S Wastewater Treatment Plant that are a direct result of the introduction of prohibited materials into the DISTRICT'S collection system. The DISTRICT shall have the right to monitor the TOWN'S and BOARD'S wastewater by random sampling and analysis for compliance with this provision. The TOWN and BOARD shall adopt a Sewer Use Ordinance in accordance with Federal and State guidelines which sets forth restrictive covenants as it may relate to a sanitary sewer system.

3. The TOWN'S and BOARD'S wastewater is to be metered by a flowmeter installed at the point of discharge into the DISTRICT'S wastewater collection system. The TOWN and BOARD shall be responsible for all costs associated with the installation of the flowmeter and any costs incurred as a result of the operation and maintenance of the flowmeter. The DISTRICT shall have the right to jointly read the TOWN'S and BOARD'S flowmeter and the DISTRICT shall have access to the TOWN'S and BOARD'S flowmeter upon reasonable notice to the TOWN and BOARD, to inspect and insure accuracy of the measurements of the wastewater flow into the DISTRICT'S wastewater collection system. The rate for transportation and treatment of the TOWN'S and BOARD'S wastewater by the DISTRICT shall be based upon the metered water usage of the customers of the TOWN and BOARD and provided to the DISTRICT by the TOWN and BOARD, without cost, on a monthly basis and shall be calculated upon a per thousand gallon of metered water usage basis. The rate to the TOWN and BOARD, which shall be based upon a per

thousand gallon of metered water usage basis, shall be calculated based upon the cost of service study prepared by Smith, Cochran, and Hicks which is attached hereto and marked for identification purposes as Attachment B and incorporated herein as a portion of this Agreement. Said cost of service study shall be subject to review and approval by the Public Service Commission of West Virginia. The rate determined by the cost of service study will be reflected in the District's tariff on file with the Public Service Commission of West Virginia. In the event the TOWN and BOARD do not bill its customers for sanitary sewage service in a particular month or months, the TOWN and BOARD will pay the DISTRICT a charge equal to the average monthly amount billed by the DISTRICT to the TOWN and BOARD for prior wastewater treatment and disposal service. The rate charged by the DISTRICT to the TOWN and BOARD reflects the total cost of said transportation and treatment on a per thousand gallon of metered water usage basis and includes a pro rata share of the use of existing sewers, lift stations and treatment plant, as well as, administration, operation, maintenance and any additional cost of service costs, including any and all legal, engineering and administrative fees incurred by the DISTRICT as a result of this Agreement. All new modifications of the DISTRICT'S system required to accommodate the TOWN and BOARD, and approved by the West Virginia Department of Commerce, Labor, and Environmental Resources, Division of Environmental Protection, Construction Assistance Division, being designated as Contract No. _____, for the TOWN and BOARD, reference to which is hereby made and incorporated herein as if specifically set forth as a portion of this Agreement, shall be paid in full by the TOWN and BOARD during the construction phase of this project, in accordance with the terms set forth in Paragraph 5 herein.

4. The TOWN and BOARD will obtain adequate insurance and shall keep in force, pay, and will protect, indemnify and hold the DISTRICT harmless from and against all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the DISTRICT), causes of actions, suits, claims, demands and judgments of any nature arising from:

(1) any injury to or death of any person or damage to property in or upon the TOWN'S and BOARD'S property or facilities, or growing out of or connected with the use, non-use, condition or occupancy of the said TOWN'S and BOARD'S property or facilities or a part thereof; such injuries and/or damage shall include any and all injuries or damage which may occur due to any failure or malfunction of the TOWN'S and BOARD'S lift stations caused by any flood, hailstorm, windstorm, Act of God, and any and all unprecedented meteorological events; any repairs, construction or alterations or remodeling thereto as performed by the TOWN and BOARD, their authorized agents or servants, excluding the DISTRICT or its agents or servants, or the condition of the TOWN'S and BOARD'S property or facilities including sidewalks, streets or alleys and any equipment or facilities at any time located on the TOWN'S and BOARD'S property or under the TOWN'S and BOARD'S control and used in connection therewith;

(2) violation of any agreement, warranty, or covenant.

The intent of this paragraph is that neither party will subsidize the other's capital or operation expenses and that all parties shall mutually benefit from this Agreement.

5. The TOWN and BOARD will, in addition to the other payments provided for in this Agreement, pay to the DISTRICT the sum specified in Subparagraph 5.1 hereof, and, to the extent, and upon the contingencies, specified in Subparagraph 5.2 hereof, the sum specified in the said Subparagraph 5.2, to-wit:

5.1 The TOWN and BOARD shall contribute an estimated sum of \$126,000.00 for the facilities to be constructed and referred to in Paragraph 3 herein or the actual cost thereof, which cost shall not exceed more than 23.1 percent of the total project cost of those facilities detailed in a document labeled Exhibit C which is attached to this Agreement, to be adjusted upon completion of construction to the DISTRICT to aid in the construction of improvements necessary to upgrade its sanitary sewer system and Wastewater Treatment Plant in order to provide the TOWN and BOARD with the services set forth in this Agreement. The remaining funds derived from the sources of revenue for the TOWN'S and BOARD'S project as described in this Agreement, as such sources are delineated in the TOWN'S and BOARD'S Application for a Certificate of Convenience and Necessity which was filed with the Public Service Commission of West Virginia on the 24th day of May, 1993, shall be placed in an escrow account which shall be established on behalf of the DISTRICT and shall be disbursed to the DISTRICT on a monthly basis upon proper verification of the costs incurred during the construction phase of this project. The TOWN and BOARD shall provide to the DISTRICT the disbursement of monies in accordance with the percentage of project completion, on a monthly basis, during construction and shall, upon completion of the project, pay the DISTRICT any remaining monies which may be owed to the DISTRICT, if any.

5.2 Upon (i) the completion of construction of the TOWN'S and BOARD'S project as provided for in this Agreement; (ii) the certification of such completion by the TOWN'S and BOARD'S engineer; and (iii) the payment in full of all costs and expenses incurred by the TOWN and BOARD in connection with such project and its completion, including payment of the obligation mentioned in Subparagraph 5.1 aforesaid, the TOWN and BOARD will, if, and to the extent, the TOWN and BOARD hold project funds which are unexpended and are available for the purpose hereinafter in this paragraph stated, apply such unexpended and available funds to the payment, so far as such funds are sufficient for the purpose, of a claim in the amount of \$61,754.00 which the DISTRICT has asserted against the TOWN and BOARD as the TOWN'S and BOARD'S alleged pro rata share of the cost of the DISTRICT'S Quincy Center Wastewater Collection System, pumping station, and force main sanitary sewer, all of which have been completed by the DISTRICT prior to the date of this Agreement. Such payment, if any, shall be made by the TOWN and

BOARD to the DISTRICT as soon as feasible following the meeting in full of the three contingencies stated under "(i)", "(ii)", and "(iii)" of this subparagraph. The provisions of this subparagraph shall not be construed as an admission by either the TOWN and BOARD or the DISTRICT of the correctness of the views of the other with respect to the validity of the DISTRICT'S claim in this subparagraph mentioned, it being understood that the TOWN and BOARD and the DISTRICT hold diametrically opposite views with reference to the validity of such claim.

6. The parties hereto shall, upon request, provide the other with an annual audit approved by the West Virginia Public Service Commission and related information as may be required.

7. Any modification to the rates and charges set out in the District's tariff as they relate to the TOWN and BOARD shall be supported by a cost of service study, the cost of which the TOWN and BOARD shall participate in up to a maximum of \$5,000.00, and reviewed and approved by the DISTRICT. Any such study shall be initiated after a period of one (1) year from the date this Agreement becomes effective and the TOWN and BOARD agree to place in an escrow account its \$5,000.00 share over a period of nine (9) months commencing with the institution of sewer service by the TOWN and BOARD pursuant to this Agreement and which sum of money shall be used to pay for the TOWN'S and BOARD'S portion of the cost of service study. The cost of service study shall also be reviewed and approved by the Public Service Commission of West Virginia. The TOWN and BOARD agree to deposit the sum of Five Thousand Dollars and No Cents (\$5,000.00), in an escrow account, upon approval and execution of this Agreement, which sum of money shall be used to pay for the cost of service study which shall be conducted, and any interest earned and accrued with regard to said account shall become the property of the TOWN and BOARD. After completion of the cost of service study and the review and approval of said study by the Public Service Commission of West Virginia, if necessary, the parties hereto agree to reimburse to either party the appropriate compensation which may be due as determined by the cost of service study and approved by the Public Service Commission of West Virginia. The parties hereto covenant and agree that in the event the cost of service study set forth in this paragraph reveals a rebate or reimbursement is due either party, which is in an amount that is less than two percent (2%) of the annual cost for treatment and disposal paid by the TOWN and BOARD to the DISTRICT, then and in such event, the amount due shall be considered an incidental expenditure and the rebate or reimbursement set forth in this paragraph shall not be required to be paid. The cost of service study which determines the rebate or reimbursement amount, if any, shall be based upon the actual flow of wastewater received by the DISTRICT as indicated by the flow meter mentioned in Paragraph 3 of this Agreement and any such information shall be compared with the estimated flow used to determine the pro rata share of costs incurred by the DISTRICT in calculating the rate for the treatment and disposal fee. The term "cost of service" as used in this Agreement shall include, but not be limited to, all wages,

benefits, equipment rentals, fuel, materials, supplies, administration and overhead which can be associated directly or indirectly for providing the agreed upon services. If the cost of service study reflects that the current tariff rate charged to the TOWN and BOARD by the DISTRICT should be modified, the DISTRICT will file with the Public Service Commission the appropriate proceeding to request modification of said rate.

8. The parties hereto shall meet on an as needed basis at a specifically designated meeting called for such purpose at a mutually agreed upon time, to be held at the business office of the DISTRICT, to discuss business, rates, communications, complaints, suggestions, and any related matters, between the parties, with at least one meeting per fiscal year to be held not later than thirty (30) days after the parties herein have submitted their annual audit and report to the Public Service Commission of West Virginia.

9. The TOWN and BOARD shall not exceed the limitation of wastewater per day into the DISTRICT'S wastewater treatment and collection system as set forth in Paragraph 1 of this Agreement.

10. This Agreement is made by the parties hereto subject to the review and approval of the Public Service Commission of the State of West Virginia and likewise all modifications made to this Agreement and pursuant to its terms shall be subject to the same review and approval.

11. The length and duration of this Agreement, subject to the provisions hereof, shall begin on the date as first written above, and shall continue from year to year for a term not to exceed forty (40) years, or until terminated by mutual agreement of the parties hereto.

12. For sewer services rendered by the DISTRICT to the TOWN and BOARD under this Agreement, the TOWN and BOARD shall, on a monthly basis, make payment to the DISTRICT on or before the 1st day of a calendar month for all amounts billed by the TOWN and BOARD for sewer services on the 1st day of the next immediately preceding calendar month. If payment is not received by the DISTRICT within the time and in the manner prescribed in the next preceding sentence, a penalty of 10% shall be added to the net amount thereof. The TOWN and BOARD agree that they will bill all its sewer customers on the first day of each calendar month for sewer services as based on the next immediately preceding water meter reading.

13. In the event the TOWN and BOARD fail to perform any other term, obligation, or condition of this Agreement, the result of which is likely to cause irreparable harm or injury to the DISTRICT'S facilities or otherwise constitutes an emergency situation and the TOWN and BOARD fail to correct such condition or default within fifteen (15) days, unless a shorter time is deemed necessary by the DISTRICT, after written notice by DISTRICT specifying such default, then the DISTRICT shall have the right to

undertake such corrective action and the TOWN and BOARD shall be responsible for all costs and expenses incurred by the DISTRICT or shall reimburse the DISTRICT for such costs and expenses. In the event the TOWN and BOARD fail to make any payment due hereunder and remains in default for a period of ten (10) days after the due date, or in the event that the TOWN and BOARD fail to perform any other term, obligation, or condition of this Agreement, and fails to correct such other default or to commence correction of such default if correction shall require more than twenty (20) days, the DISTRICT shall have the right to require specific performance by the TOWN and BOARD or the right to seek damages against the TOWN and BOARD through the institution of a civil action against the TOWN and BOARD in a Court of competent jurisdiction. If the parties named herein bring an action or proceeding to enforce the terms herein or declaring the rights hereunder, the prevailing party in any such action or proceeding shall be entitled to reasonable attorney's fees and costs to be paid by the losing party as determined by said Court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement by their appropriate officers as of the day and year first above written.

ATTEST:

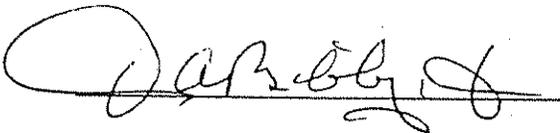
TOWN OF CEDAR GROVE, KANAWHA COUNTY,
WEST VIRGINIA, a municipal
corporation



By: Regen A. Cooke
Its Mayor

ATTEST:

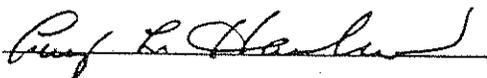
THE SANITARY BOARD OF THE TOWN OF
CEDAR GROVE, KANAWHA COUNTY, WEST
VIRGINIA



By: Regen A. Cooke
Its Chairman

ATTEST:

CHELYAN PUBLIC SERVICE DISTRICT,
KANAWHA COUNTY, WEST VIRGINIA, a
public utility



By: Joyce McPhail
Its Chairman

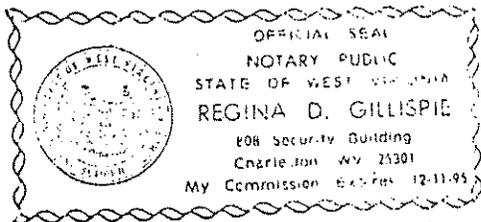
STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, To-Wit:

I, REGINA D. GILLISPIE, a Notary Public in and for said state and county, do hereby certify that ROGER A. COOK, Mayor of the Town of Cedar Grove, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 6th day of DECEMBER, 1993.

My commission expires DECEMBER 11, 1995.



Regina D. Gillispie
Notary Public

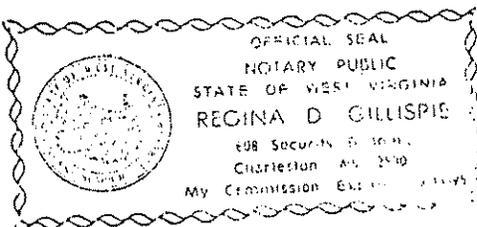
STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, To-Wit:

I, REGINA D. GILLISPIE, a Notary Public in and for said state and county, do hereby certify that ROGER A. COOKE, Chairman of the Sanitary Board of the Town of Cedar Grove, Kanawha County, West Virginia, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 6th day of DECEMBER, 1993.

My commission expires DECEMBER 11, 1995.



Regina D. Gillispie
Notary Public

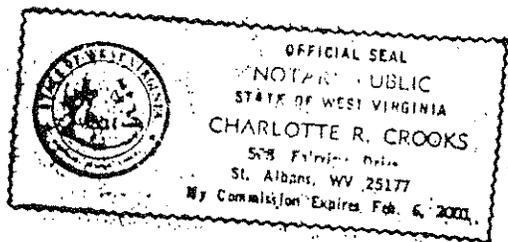
STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, To-Wit:

I, CHARLOTTE R. CROOKS, a Notary Public in and for said state and county, do hereby certify that JOYCE L. McPHAIL, Chairperson of the Chelyan Public Service District, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 30th day of DECEMBER, 1993.

My commission expires FEBRUARY 6, 2001.



Charlotte R. Crooks
Notary Public

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

BOND ORDINANCE

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BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING SEWER SYSTEM OF THE TOWN OF CEDAR GROVE, WEST VIRGINIA AND THE FINANCING OF THE COSTS THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF CEDAR GROVE OF NOT MORE THAN \$250,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF THE BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

Be It Enacted And Ordained By The Council Of The Town Of Cedar Grove, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

"Act" means Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

"Advance-Refunded Municipal Bonds" shall mean obligations, the interest on which is excludable from gross income for Federal income tax purposes, which have been advance-refunded prior to their maturity and are fully and irrevocably secured as to principal and interest by Government Obligations held in trust for the payment thereof, and which obligations are serial bonds or term bonds not callable prior to maturity except at the option of the holder or owner thereof.

"Authorized Officer" means the Mayor of the Town or any acting Mayor duly appointed or any other officer duly so authorized by the Council as hereinafter defined.

"Bond" or "Bonds" means the Original Bonds, as hereinafter defined, and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 4.01(3) hereof.

"Bondholder," "Registered Owner" or "Owner of the Bonds" or any similar term means any person who shall be the registered owner, as shown by the Bond Register, of any outstanding Bond.

"Bond Register" means the books of the Town maintained by the Bond Registrar, as hereinafter defined, for the registration and transfer of Bonds.

"Bond Registrar" means the Registrar for the Bonds, which shall be appointed by a resolution supplemental hereto.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Bonds in substantially the form set forth in the Bond form contained herein.

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or to any predecessors or successors thereto.

"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 Dunn Engineers, Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewer systems that shall at any time be retained by the Town as consulting engineers for the System, as hereinafter defined.

"Costs" or "Costs of Project" or any similar phrase means those costs described in Section 1.03(H) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

"Council" means the Town Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted and shall be deemed to refer also to the Sanitary Board of the Town to the full extent of the powers relating to the System, as hereinafter defined, conferred upon said Sanitary Board.

"Depository Bank" means the bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, designated as such by a resolution supplemental hereto, and any successor thereto.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of EPA.

"EPA Grant" means the Step II/III grant from EPA awarded September 28, 1987, pursuant to an EPA Assistance Agreement, as it may be supplemented or amended.

"Event of Default" means any event or occurrence specified in Section 7.01.

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

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

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Grant Agreement" means a written commitment for the payment of the EPA Grant, the SCB Grant, the KCC Grant or of any of the Other Grants, if any, specifying the amount of such Grant, the terms and conditions upon which said Grant is made and the date or dates or event or events upon which Grant is to be paid to the Town; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant, the "SCB Grant Agreement" means only the Grant Agreement relating to the SCB Grant, and the "KCC Grant Agreement" means only the Grant Agreement relating to the KCC Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Town on account of any Grant to pay Costs of the Project; provided that "SCB Grant Receipts" means only Grant Receipts on account of the EPA Grant, "KCC Grant Receipts" means only the Grant Receipts on account of the KCC Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant, the SCB Grant, the KCC Grant and the Other Grants, if any, as hereinafter defined.

"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 provisions 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) or Tap Fees, as hereinafter defined.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall be retained by the Town to prepare an independent annual or special audit of the accounts of the System, as hereinafter defined, or for any other purpose except keeping the accounts of such System in the usual operations of its business and affairs.

"KCC Grant" means the grant from The County Commission of Kanawha County, West Virginia, in the amount of \$234,482, awarded pursuant to a letter of intent dated December 23, 1986.

"Loan Agreement" means the loan agreement or loan agreements to be entered into between the Town and the Original Bonds Purchaser; pursuant to which the Original Bonds Purchaser shall agree, subject to the Town's satisfying certain legal and other requirements, to purchase the Original Bonds originally authorized hereby, which shall be approved by the Supplemental Resolution.

"Mayor" means the Mayor of the Town.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined, 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 of Project, fees and expenses of the fiscal agents, registrars, paying agents, trustees, Original Bonds Purchaser, and the Depository Bank, other than those capitalized as part of the Costs of Project, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption, 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.

"Ordinance," regardless of whether preceded by the article "the" or "this," means this Ordinance as it may hereafter from time to time be amended or supplemented.

"Original Bonds" means the not more than \$250,000 in aggregate principal amount of Sewer Revenue Bonds originally authorized hereby to pay a portion of the Costs of the Project.

"Original Bonds Purchaser" or "Authority" or "WDA" means the West Virginia Water Development Authority as the purchaser of the Original Bonds or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Other Grants" means any grant other than the EPA Grant, the SCB Grant on the KCC Grant, hereafter received by the Town to aid in financing any portion of the Costs of Project.

"Outstanding," when used with reference to Bonds, as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond cancelled by the respective registrars at or prior to said date; (b) any Bond for the payment of which monies equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided in Section 9.01 hereof; and (d) with respect to determining a specified percentage of Registered Owners for the purpose of consents, notices and the like, any Bond registered to the Town.

"Parity Bonds" means any additional bonds issued under the provisions and within the limitations prescribed by Section 6.08 hereof, payable from net revenues on a parity with the Original Bonds.

"Paying Agent" means the Commission.

"Program" means the Original Bonds Purchaser's loan program, under which the Original Bonds Purchaser purchases the revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of sewer development revenue bonds of the Original Bonds Purchaser or any successor to said Program as currently constituted.

"Project" means the extensions, improvements and betterments to the existing sewer system of the Town described in Exhibit A attached hereto and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

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

(a) Government Obligations;

(b) 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; the Government National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

(c) Any bond, debenture, note, participation certificate or other similar obligation 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;

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

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

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) 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 paid repurchase agreements, and provided further that the owner 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;

(g) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of

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

(h) Advance-Refunded Municipal Bonds.

"Recorder" means the Recorder of the Town.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01(2).

"Reserve Account" means the account in the Sinking Fund, as hereinafter defined, created by Section 4.02(1)(a).

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

"Revenue Fund" means the revenue fund created by Section 4.01(1).

"Sanitary Board" or "Board" means the Sanitary Board of the Town established by an ordinance duly enacted by the Council of the Town on September 28, 1993, and any successors to the functions thereof.

"SCB Grant" means the Small Cities Block Grant from the United States Department of Housing and Urban Development in the amount of \$750,000, awarded pursuant to a letter agreement dated May 25, 1988.

"Sinking Fund" means the Sinking Fund established for the Bonds by Section 4.02(1).

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article the, refers specifically to the Supplemental Resolution authorizing the sale of the Original Bonds; provided, that any provision intended to be included in the Supplemental Resolution with respect to the Original Bonds and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held in, including but not limited to, the sinking fund, the reserve account and the renewal and replacement fund for the payment of or security for the Bonds or any other obligations of the Town, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Town under the supervision and control of the Sanitary Board, and any additions, improvements or betterments thereto or hereafter constructed or acquired from any sources whatsoever and includes the Project.

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

"Town" means The Town of Cedar Grove, a municipal corporation, in Kanawha County, West Virginia, and, where appropriate, also means the Council thereof and any department, board, agency or instrumentality thereof in control of the management and operation of the System, as hereinafter defined.

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 or neuter gender shall include all other genders.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with general accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of the enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority of This Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared that:

(A) The Town currently owns and operates public works for the collection and disposal of sewage. The Town has been advised that its present System is in violation of the Clean Water Act and the System is currently being operated pursuant to a consent decree from the West Virginia Division of Natural Resources. The Project will include the acquisition and construction of a collection system, interruption sewers, a lift station and a force main and will transport to sewage to the Chelyan Public Service District (the "District") for treatment. The Town has entered into a construction and treatment agreement

with the District, which agreement has been approved by the PSC. Additionally, the Project will allow the Town to serve residents who are currently unserved.

(B) In accordance with Section 18 of the Act, the System is under the supervision and control of the Sanitary Board.

(C) The Sanitary Board has presented a petition to the Town for the acquisition and construction of the Project, the enactment of this Ordinance and the issuance of the Bonds.

(D) The Town has been awarded the EPA Grant by that certain EPA Assistance Agreement dated September 28, 1987, an SCB Grant awarded by letter dated May 25, 1988 and the KCC Grant by letter dated December 23, 1986. All grant awards are currently in full force and effect.

(E) It is further deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that the Project be acquired and constructed in accordance with the plans and specifications to be prepared by the Consulting Engineers, subject to the approval of the EPA, the issuance of a certificate of convenience and necessity by the PSC and specific authorization by a Supplemental Resolution.

(F) The estimated maximum cost of the construction of the Project is \$2,229,236, of which approximately \$222,304 will be permanently obtained from the proceeds of the Original Bonds herein authorized, approximately \$1,022,450 will be obtained from the EPA Grant, approximately \$750,000 will be obtained from the SCB Grant, and approximately \$234,482 will be obtained from the KCC Grant. The Town may obtain such Other Grants and contributions from other sources as may be necessary to pay Costs of Project.

(G) It is deemed necessary for the Town to issue its Original Bonds in an aggregate principal amount not to exceed \$250,000 to permanently finance the costs of acquisition and construction of the Project, including the cost of all property rights, easements, and franchises deemed necessary therefor; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and the placing of the same in operation, and the performance of the things therein required or permitted, in connection with any thereof; the cost of designing the Project; interest on the Original Bonds prior to, during and for six months after the estimated date of completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of the Original Bonds Purchaser, registrars, paying agents, depositories or other agents in connection with the issuance of the Original

Bonds; and such other expenses as may be necessary or desirable for said acquisition and construction of the Project and placing the same in operation and the financing authorized by this Ordinance; provided that reimbursement to the Town for any amounts expended by it for allowable costs of the Project prior to the issuance of the Original Bonds or the repayment of indebtedness incurred by the Town for such purposes shall be deemed costs of the Project.

(H) The period of usefulness of the System after completion of the Project will not be less than forty years.

(I) The estimated Gross Revenues to be derived in each year after the enactment of this Ordinance from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, provide an adequate reserve fund and an adequate renewal and replacement fund and pay the principal of and interest on the Original Bonds authorized to be issued pursuant to this Ordinance.

(J) The Town has no outstanding debt secured by the revenue of the System. Upon the issuance of the Original Bonds, the Town will grant the Original Bonds Purchaser a first lien on the Net Revenues of the System.

(K) The Town has complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, or will have so complied prior to issuance thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the PSC by final order not subject to appeal or rehearing.

(L) The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements.

(M) It is in the best interest of the Town and its inhabitants to qualify for the small governmental unit exception from the rebate provisions.

(N) The Town is a governmental unit with general taxing powers.

(O) The Original Bonds are not private activity bonds as defined in the Code.

(P) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Town.

(Q) The Town reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds)

issued by the Town and all subordinate entities thereof during the calendar year in which the Original Bonds will be issued, will not exceed \$5,000,000. The Town reasonably expects to issue its Original Bonds, if any, in 1994.

(R) The Town shall not permit at any time any of the proceeds of the Bonds or other funds of the Town to be used directly or indirectly in an manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

(S) The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

(T) The Bonds will not be federally guaranteed within the meaning of the Code.

(U) The Town and all subordinate entities do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year 1994, and hereby designate the Bonds as "Qualified Tax-Exempt Obligations" as defined in Section 265(b)(3)(B) of the Code.

Section 1.04. Ordinance Constituting Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Registered Owners, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds authorized to be issued hereunder all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS
AND IMPROVEMENTS TO THE SYSTEM

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications prepared therefor by the Consulting Engineers and on file with the Town Recorder; provided, that such plans and specifications, and the acquisition and construction of the Project in accordance therewith, are subject to the approval of the EPA, to the issuance by the PSC of a certificate of convenience and necessity and to specific authorization by the Council pursuant to a Supplemental Resolution.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bonds. For the purposes of paying the costs, not otherwise provided, of acquisition and construction of the Project, of paying certain costs of issuance and related costs, and, if authorized by Supplemental Resolution, of funding the Reserve Account or for providing for the interest during construction or both, and for such other purposes set forth in the Supplemental Resolution, there shall be issued the Original Bonds of the Town. The proceeds of the Original Bonds shall be applied as provided in Section 5.01.

Section 3.02. Terms of Original Bonds. The Original Bonds shall be originally issued in one or more series and in the form of a single bond for each, fully registered to the Original Bonds Purchaser, in the principal amount of not more than \$250,000 as shall be set forth in the Supplemental Resolution. The Original Bonds shall be dated the date of delivery thereof; shall be designated as to series and number; shall bear interest at the rate per annum, not to exceed the maximum legal limit; shall bear interest payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Town shall prescribe in a Supplemental Resolution.

The Bonds shall be payable as to both principal and interest, if any, at the office of the Paying Agent in any coin or currency which on the respective date of payment of principal and interest, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address that appears on the books of the Bond Registrar, or by such other lawful method as is acceptable to the Original Bonds Purchaser.

Bonds shall be exchangeable at the option and expense of the Registered Owner for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Original Bonds Purchaser shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued within the terms and restrictions hereinafter set forth as provided by a Supplemental Resolution and by the terms of the Loan Agreement.

Section 3.03 Additional Terms of Bonds. In addition to the terms set forth in Sections 3.01 and 3.02 hereof, and in anticipation of the sale of the Original Bonds to the Original Bonds Purchaser, the Town covenants that the Original Bonds shall comply in all respects with the provisions of the Loan Agreement, and of any resolution of the Original Bonds Purchaser authorizing the issuance of bonds pursuant to the Program.

Section 3.04 Execution of the Bonds. The Bonds shall be executed in the name of the Town by the manual or facsimile signature of its Mayor, and the seal of the Town shall be impressed thereon and attested by the manual or facsimile signature of the Recorder. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Town before the 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 Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bond shall hold the proper office in the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer or registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting any of said Bond, 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, and each successive Registered Owner 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 any of the Bonds remain Outstanding, the Bond Registrar shall keep and maintain books for the registration and transfer of the Bonds.

The Bonds shall be transferable only upon the Bond Register by the Registered Owner thereof in person or by its attorney or legal representative 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 such duly authorized attorney or legal representative.

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfer 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 said Bond Registrar incurred in connection therewith, which charges and expenses for any Bonds owned by the Original Bonds Purchaser, in the event of partial redemption of any bond or connection with the first transfer with any bond from the Original Bonds Purchaser thereof shall be paid the Town and, otherwise shall be paid by the Registered Owner requesting such transfer or exchange. The Bond Registrar shall not be obligated to make any such exchange or transfer of Bonds during the period beginning with the fifteenth day of the month preceding an interest payment date and ending on the date or, in a case of any partial redemption of Bonds during the fifteen days next preceding the date of the selection of Bonds to be redeemed.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may, in the discretion of the Council, issue, and the Bond Registrar shall authenticate and deliver a new Bond or Bonds of like tenor as the Bond or Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or Bonds, upon surrender and cancellation of such mutilated Bond or Bonds, or in lieu of and substitution for the Bond or Bonds destroyed, stolen or lost, and upon the Registered Owner's furnishing the Council proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Council may prescribe and paying such expenses as the Town may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Town. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the Town, whether or not the lost, stolen or destroyed Bond be at any time found by any one, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on and source of security for payment from the net revenues pledged herein with all other Bonds issued hereunder.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Not to be Indebtedness of the Town. The payment of the debt service of all of the Original Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues, in the amount sufficient to pay the principal of and interest on the Bonds and to make the payments required into the Sinking Fund and the Reserve Account therein and the Renewal and Replacement Fund, all hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due. The Bonds shall not, in any event, be or constitute an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from Net Revenues and otherwise as provided herein. No Registered Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Town to pay the Bonds or the interest thereon.

Section 3.09. Form of Bonds. The text of the Original Bonds shall be in substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance, the Supplemental Resolution or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof:

[Form of Original Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF CEDAR GROVE
SEWER REVENUE BONDS
SERIES 1994

No. R-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF CEDAR GROVE, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), 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 _____ (\$_____), in installments on the first day of _____ each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum as set forth on said Exhibit A.

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of _____, and the 1st day of _____ in each year beginning _____, 19___. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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, as Paying Agent (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated as of _____, 19__, between the Town and the Authority.

This Bond is issued (1) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter

referred to as the "System") [; (2) to pay interest on the Bonds during and for six months after completion of the Project; (3) to fund the Reserve Account, as hereinafter defined; and (4)] to pay certain issuance and related costs in connection therewith. This Bond is authorized and issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on the _____ day of _____, 1994, and supplemented thereby on the _____ day of _____, 1994 (collectively, the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Ordinance.

This Bond is payable only from and secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance (the "Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds and other obligations 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 Town within the meaning of any constitutional or statutory provisions or limitations, nor shall said Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of said System and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on the Bonds and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided, however, that so long as there exist in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and the reserve accounts for any obligations prior to or on a parity with the Bonds, are funded at the respective requirement therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to said Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

Subject to registration requirements, 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.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Ordinance, shall be applied solely to the costs of acquisition and construction of the Project, 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.

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

All provisions of the Ordinance, 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 CEDAR GROVE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto impressed and attested by its Recorder, all as of the _____ day of _____, 1994.

Mayor

[SEAL]

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Sewer Revenue Bonds, Series 1994, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[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 said Bond on the books kept for registration of the within Bond of said Town with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of the Original Bonds. The Original Bonds shall be sold to the Original Bond Purchaser pursuant to the terms and conditions of the Loan Agreement; provided, that the Town shall satisfy certain legal and other requirements of the Program; and provided further, that the form and execution of the Loan Agreement shall be approved by the Supplemental Resolution. The provisions of the Loan Agreement are specifically incorporated in this Ordinance.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Sinking Fund; and
 - (a) Within the Sinking Fund, the Reserve Account;

Section 4.03. 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 Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) From the Revenue Fund, the Town shall first each month pay the current Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Bonds on the next ensuing semiannual interest payment date.

(3) The Town shall also, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Bonds on the next ensuing principal payment date.

(4) If the Reserve Account was not funded with proceeds of the Bonds, the Town shall next from the Revenue Fund on the first day of each month commencing thirteen (13) months prior to the first date of payment of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120th of the Reserve Account Requirement; provided, that no further payment shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit, an amount equal to the Reserve Account Requirement. Once the Reserve Account has been funded with an amount equal to the Reserve Account Requirement the Town shall next remit to the Commission for deposit in the Reserve Account an amount equal to any deficiency of the Reserve Account Requirement. Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

(5) Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Sinking Fund and the Reserve Account shall be transferred, not less than once each year to the Bond Construction Trust Fund prior to completion of the Project and thereafter to the Revenue Fund.

(6) The Town shall not be required to make any further payments into the Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Sinking Fund and said Reserve Account is at least equal to the aggregate principal amount of and interest to come due on the Bonds issued pursuant to this Ordinance then Outstanding.

(7) From the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after completion of the Project deposit in the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of payments for account of the Reserve Account in the Sinking Fund. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town 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, enlargements, emergency repairs, improvements and extensions to the System; provided, that any deficiency occurring in the Reserve Account shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

B. (1) As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments in said Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the Reserve Requirement.

(2) The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Town at the times provided herein.

(3) The payments into the Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

C. 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 said Revenue Fund a balance in excess of the estimated amount required to be so transferred and retained and paid into the Sinking Fund, including the Reserve Account therein and the Renewal and Replacement Fund during the following month or such longer period shall be required by the Act, such excess shall be considered as surplus revenues and may be used for any lawful purpose of the System.

D. The Town shall remit from the Revenue Fund to the Commission, the applicable Registrar, Depository Bank or Paying Agent, on such dates as the Commission, the Registrar, Depository Bank or the Paying Agent, as the case may be, shall require, such additional sums as shall be necessary to pay the charges, fees and expenses of the Depository Bank, the Commission, the Registrar and the Paying Agent.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund 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 law of the State for the Revenue Fund and the Renewal and Replacement Fund.

F. 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.

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

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

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Application of Original Bond Proceeds.
From the moneys received from time to time from the sale of any or all of the Original Bonds, the following amounts shall be deposited as set forth below:

A. If required by the Supplemental Resolution the amount of the proceeds which shall be at least sufficient to pay interest on the Original Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund with the Commission; provided, that such period may not extend beyond the date which is (6) six months after the estimated date of completion of construction of the Project.

B. If required by the Supplemental Resolution, the amount of the proceeds which shall be at least sufficient to fund the Reserve Account Requirement shall be deposited in the Reserve Account with the Commission; provided, that such amount shall not exceed ten percent (10%) of the proceeds of the Original Bonds.

C. The remaining monies derived from the sale of the Original Bonds shall be deposited by the Town in the Bond Construction Trust Fund and applied to the Costs of the Project, including but not limited to payment of the cost of issuance.

Section 5.02. Bond Construction Trust Fund.

The Bond Construction Trust Fund shall be kept separate and apart from all other funds of the Town and used and applied by the Town solely for the payment of the Costs of Project which include but are not limited to the cost of the issuance of the Original Bonds as well as construction of the Project, as more fully set forth in Section 1.03(H), and for no other purposes whatsoever. Unless invested in Qualified Investments, the moneys in said fund shall be secured at all times by the deposit in such bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes shall be invested in Qualified Investments having maturities so as to enable the moneys to be available as deemed necessary by the Consulting Engineers and otherwise in accordance Article VIII hereof. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds, unless otherwise provided for in the Loan Agreement, (i) may be used for other capital construction or acquisition needs of the System during the period of three years of the issuance of the Bonds; (ii) thereafter, shall be used to make up any deficiency in the Reserve

Account or to fund the Reserve Account at the requirement therefor; and (iii) if the reserve account is fully funded and no deficiencies exist, shall be deposited by the Town in escrow with an escrow trustee and used to redeem Original Bonds at the first redemption date and, prior to, to pay the principal of the Original Bonds by depositing into Sinking Fund, an amount which bears the same ratio to the principal coming due in that year as the excess proceeds bore to the initial aggregate principal amount of the Original Bonds. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Owners of the Original Bonds.

Expenditures or disbursements by the Depository Bank from said Bond Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Bonds and repayment to the Authority of any Step I or Step II loans, shall be made only after such expenditures or disbursements shall have been approved in writing by the Sanitary Board and the Consulting Engineers.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Bond Reserve Account, and when fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of the Bonds be deposited in the Bond Reserve Account and any balance in excess of said amounts shall be returned to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI

ADDITIONAL COVENANTS OF THE TOWN

Section 6.01. General Covenants of the Town. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Town and shall be enforceable in any court of competent jurisdiction by any Registered Owner or Registered Owners of the Original Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Registered Owners of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds Not To Be Indebtedness of the Town. The Bonds shall not be nor constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the Net Revenues of the System, as herein provided or from the Grant Receipts, as herein provided, or from the net proceeds of the Original Bonds, as herein provided. No Registered Owner or Registered Owners of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized, and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance, to the payment of the principal of and interest on the Bonds herein authorized as the same become due, and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will 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 in the office of the Recorder, each of which copies will be open to inspection by all interested parties. The rates and charges shall be effective as prescribed by the rules and regulations of the PSC. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the

Operating Expenses of the System and to make the prescribed payments into the funds and accounts 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 Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable 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 to pay the principal of and interest on the Original Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Original Bonds; provided, however, in the event that an amount at least equal to or in excess of the Reserve Account Requirement is on deposit in the Reserve Account, and any reserve account for any such prior or parity obligations is 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 on the Original Bonds and any such prior or parity obligations.

Section 6.05. Completion, Operation and Maintenance. The Town will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Ordinance.

Section 6.06. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and the Town shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of the Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the Town by the Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System.

The foregoing provision notwithstanding, the Town shall have and hereby reserves the right to sell, lease or otherwise

dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of \$10,000, the Town shall first, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Council 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 shall be in excess of \$10,000 but not in excess of \$50,000, the Council shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, if it be advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$10,000 and not in excess of \$50,000, shall be remitted by the Town to the Commission for deposit in the Sinking Fund and shall be applied only to the redemption or purchase, at prices not greater than the redemption price or, if not redeemable, par, of Bonds of the last maturities then Outstanding (upon receipt of approval of the Original Bonds Purchaser, if needed) or, otherwise to the Renewal and Replacement Fund. Such payments of such proceeds in the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amount required to be paid into said funds by other provisions of this Ordinance.

No sale, lease, or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom shall be in excess of \$50,000 and insufficient to pay or redeem prior to maturity all the Bonds then Outstanding; provided, the prior approval and consent in writing of the Registered Owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds then Outstanding may be obtained for such purpose. The Town shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except Parity Bonds provided for in Section 6.08 hereof, payable from the revenue 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; provided, however that Parity Bonds may be issued as provided for Section 6.08. All obligations hereafter issued by the

Town payable from the revenues of the System, except such 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 to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 6.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant hereto, except under the conditions and in the manner herein provided.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements and betterments and to the System or refunding one or more series of Bonds issued hereunder or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (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 three (3) succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than one hundred and fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

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

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Town, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, 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 twelve (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 Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Town, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Town shall have entered into written contracts for the immediate acquisition or construction of such extensions, improvements and betterments to the System which are to be financed by such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued the lien of which on the revenues of the System is subject to the prior and superior lien of the Outstanding Bonds on such revenues. The Town 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 Bonds.

Parity Bonds shall not be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Parity Bonds.

Notwithstanding the foregoing, the Town may issue Parity Bonds without compliance with any of the conditions set forth in Section 6.08 of this Ordinance for the purpose of refunding prior to maturity any issues or series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

With the written consent in advance of the Original Bonds Purchaser and anything to the contrary in Section 6.07 and in this Section 6.08 notwithstanding, Parity Bonds may be authorized and issued by the Town pursuant to a Supplemental Resolution solely to complete the Project as described in the Town's Program application to the Original Bonds Purchaser and in accordance with the plans and specifications, in the event that the Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that, prior to the issuance of such Parity Bonds and under the provisions of this paragraph, the Consulting Engineers shall file with the Recorder a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Original Bonds Purchaser.

Section 6.09. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of a Bond or Bonds issued and authorized pursuant to this Ordinance shall have the right at all reasonable times to inspect the System and all parts thereof, and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow generally accepted accounting practices to the extent allowed by the uniform system of accounts promulgated by the PSC. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner,

on the forms, books, and other bookkeeping records as prescribed by the Town. The Town 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 Town shall be reported to such agent of the Town as the Council of the Town shall direct.

The Town shall file with the Consulting Engineers and the Original Bonds Purchaser, and shall mail in each year to any Registered Owner of 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 Ordinance with respect to said Bonds and the status of all said funds and accounts.

C. A statement of all new debt issued by the Town which is secured by a lien on the Net Revenues or Surplus Revenues of the System.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail the report of said Independent Certified Public Accountant to the Authority and, upon request, to any Registered Owner or Registered Owners of the Bonds. The report of said audit shall include a statement that the Town is in compliance with the terms and provisions of the Loan Agreement and this Ordinance.

Section 6.10. Operating Budget. The Town shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within thirty (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 the Consulting Engineers, 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 Council shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon further certificate of the Consulting Engineers that such increased

expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Bonds Purchaser and to any Registered Owner of any Bond, as the case may be, who requests 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 any Registered Owner of any Bond, as the case may be, or anyone acting for and in behalf of such Registered Owner.

Section 6.11. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and, in the event the Town or any department, agency, instrumentality, officer or employee of the Town 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 Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 6.12. Enforcement of Collections. The Town 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 laws of the State, and the rules and regulations of the PSC. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services and facilities of the System, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and 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.

The Town further covenants and agrees that it will, to the full extent permitted by law, and the rules and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System and, in the event the Town owns a water facility (the "Water System"), the Water System to all users 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 have been paid in full or, if the water system is not owned by the Town, the Town will enter into a similar termination agreement with the provider of such water.

Section 6.13. Insurance. The Town will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Town will 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, so long as the Authority is the Owner of the Original Bonds. The Town 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 Town, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement during construction of the Project in the full insurable value thereof. In time of war, the Town shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Town will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Town shall carry such other insurance as is required by the Authority, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Town.

Section 6.14. No Competing Franchise. To the extent allowable by law, the Town will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality, for the providing of any services which would compete with services provided by the System.

Section 6.15. Connections. 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.

Section 6.16. Public Purpose Bonds. The Town shall use the Bond proceeds solely for the Project and as otherwise set forth

herein, and the Project will be solely operated as a public purpose and as a local governmental activity of the Town.

Section 6.17. Private Activity Bond Covenant. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as 'private activity bonds' within the meaning of the Code. The Town will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

Section 6.18. Filing Covenant. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 6.19. Federal Guarantee Covenant. The Bonds, in whole or in part, are not, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 6.20. Rebate Covenant. The Town is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the System as covenanted pursuant to Sections 6.16 and 6.17, the Original Bonds are not private activity bonds within the meaning of the Code, and 95% or more than the net proceeds (as filed with respect to Code) of the Original Bonds will be used for local governmental activities of the Town. The Town and all subordinate entities reasonably expect to issue less than \$5,000,000 in aggregate principal amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1994, in which the Original Bonds, if any, are to be issued. Therefore, the Town believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Town is in fact subject to such rebate requirement, the Town hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

Section 6.21. Further Actions. The Town 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 Bonds will be and remain excludable 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 6.22. Covenant to Amend Ordinance. The Town retains the right to make any amendments, insertions or deletions by Supplemental Resolutions of this Ordinance as the Town deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions or deletions to comply with the Code. Notwithstanding the provisions of Section 12.01 hereof, the Town shall without consent of the Registered Owners of the Bonds, amend or supplement this Ordinance by resolutions supplemental hereto or any amendatory ordinance to comply with the Code if such amendment or supplement is necessary to preserve the tax-exempt status of the Bonds. The Council of the Town hereby retains the specific authority to amend this Ordinance or supplement it by resolution to comply with the Code. In its determination to amend or supplement this Ordinance, the Council of the Town may rely on the opinion of a nationally recognized bond counsel.

The Town also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Ordinance as the Town deems necessary prior to the issuance of the Bonds to meet the requirements of the Original Bonds Purchaser.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance the Supplemental Resolution or in the Bonds and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

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

Section 7.02. 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 Town to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates of charges for services rendered by the System (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Town 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 ordinance with respect to the Bonds, or the rights of such Registered Owners.

Section 7.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including 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 and performing any construction necessary for the System. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds either at the specified date of maturity thereof or at a date set for

redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the Town of such default, any Registered Owner 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 on behalf of the Town with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance 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 Town exercise all the rights and powers of the Town with respect to said facilities as the Town itself might do.

Whenever all that is due upon the Bonds issued and authorized pursuant to this Ordinance and interest thereof and under any covenants of this Ordinance 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 Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of Bonds issued pursuant to this Ordinance 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 Town and for the joint protection and benefit of the Town and Registered Owners of Bonds issued pursuant to this Ordinance. 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 possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and Registered Owners, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the Systems.

ARTICLE VIII

INVESTMENTS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as otherwise provided, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including but not limited to those in the Bond Construction Trust Fund, and used for the purpose of such fund or account. 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 owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The Town covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Original Bonds which would cause the Original Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Original Bonds) so that the interest on the Original Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Gross Proceeds Certificate. The Town shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Town qualifies for the small governmental issue exception to rebate, or any other exception therefrom then the Town shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to rebate. The Town shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "Gross Proceeds" of the Bonds (as defined in the Code.)

Section 8.04. Restriction of Yield and Bond Proceeds. The Town shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Bonds. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the owners of all Bonds the principal thereof, and redemption premium, if applicable, and any interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then, at the option of the Town expressed in an instrument in writing approved by Town Council, and delivered to the Paying Agent, the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Town to the Registered Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent and the Commission shall, upon the request of the Town, execute and deliver to the Town all such instruments as may be desirable to evidence such discharge and satisfaction, and any fiduciaries shall pay over or deliver to the Town all moneys, securities and funds held by them pursuant to this Ordinance which are not required for the payment of redemption.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if in case any of said Bonds are to be redeemed on any date prior to their maturity, the Town shall have given to the Commission in form satisfactory to its irrevocable instructions to publish notice of redemption on said date of such Bonds and if there shall have been deposited with the Commission or its agents, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due (whether by maturity or redemption) the principal installments and interest due and to become due on said Bonds on and prior to the maturity or redemption dates, as applicable thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest

payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Town, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations and Advance-Refunded Municipal Bonds. Also for the purposes of this section, the Commission may act as agent.

Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Commission or any of its agents in trust for the payment and discharge of any of the Bonds which have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by Commission at such date, or for six years after the date of deposit of such moneys if deposited with the Commission after the said date when such Bonds became due and payable, shall, at the written request of the Town, be repaid by the Commission to the Town, as its absolute property and free from trust, and the Commission shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Town for the payment of such Bonds; provided, however, that before being required to make any such payment to the Town, the Commission shall, at the expense of the Town, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Town.

ARTICLE X

MISCELLANEOUS

Section 10.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance or resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of sixty-six and two-thirds percent (66 2/3%) or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal and interest out of the revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 10.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.04. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed.

Section 10.05. Covenant of Due Procedure. The Town 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 final enactment and passage 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 Council of the Town 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 10.06. Effective Date. This Ordinance shall take effect after notice and public hearing hereon in accordance with the Act.

First Reading: June 14, 1994

Second Reading
and Passage: June 28, 1994

Public Hearing: July 12, 1994

Effective Date: July 12, 1994

[SEAL]



Mayor

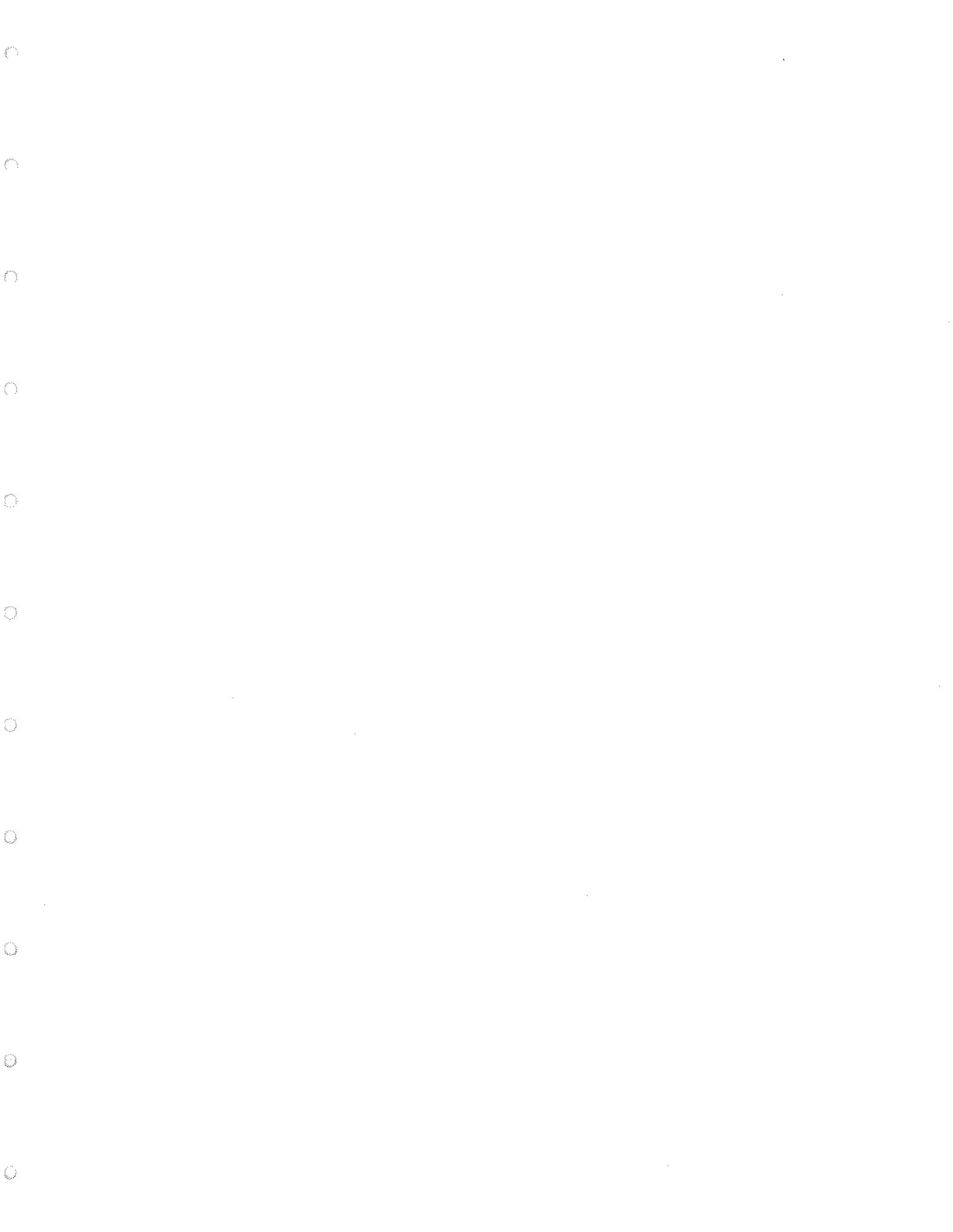


Recorder

ABB045E2

EXHIBIT A

The Project consists of construction of collector sewers to serve the unsewered portions of Kellys Creek and other areas of the Town, interceptor sewers to separate portions of the combination sewer system decreasing the flooding of combined sewerage, a pump station and force main to convey 188,000 pgd or less to the Chelyan Public Service District (the "District") for treatment, participation in the cost of the District's treatment plant upgrade - all work to be performed while existing customer service is maintained - all in accordance with WVDNR Consent Decree Action #88-C-611 and necessary appurtenances thereto.



SPECIAL LIMITS.

The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of \$500 for private passenger vehicles or \$1,000 for other vehicle types including mobile equipment.

DEFENSE COSTS.

Defense costs are in addition to the each occurrence limit of liability.

NOTICE OF CLAIM

All notice of claim should be sent to:

Claim Manager
West Virginia Board of Risk and Insurance Management
4501 MacCorkle Avenue S.W.
300 Ghannam's Building
South Charleston, West Virginia 25309
(304) 766-2646, (800) 345-4669 FAX: (304) 766-2653

OTHER PROVISIONS

SUBJECT TO POLICY TERMS.

The insurance evidenced by this Certificate is subject to all of the terms, conditions, exclusions and definitions in the policies.

OTHER INSUREDS.

The members of the governing body of the Additional Insured named above, its elected or appointed officials, executive officers, directors, commissioners, board members, volunteer workers, student teachers, and employees are also insureds under the policies while acting within the scope of their duties as such.

STATUTORY IMMUNITIES.

It is a condition precedent of coverage under the policies that the Additional Insured does not waive any statutory or common law immunity conferred upon it.

EXCESS COVERAGE.

If the Additional Insured has other primary insurance for the hazards covered by the above policies, the coverage afforded by this certificate does not apply to losses occurring before the expiration or termination date of the other insurance except to the extent that the amount of loss exceeds the limit of liability of the other insurance, but then only for an amount not exceeding the difference between \$1,000,000 and the limit of liability of the other insurance.

PRIOR CLAIMS MADE COVERAGE.

As the insurance under this Certificate renews certain liability coverages previously insured on a claims made policy form, the insurance under this Certificate shall apply to a claim or loss reported during the Certificate Coverage Period that occurred prior to the effective date of the Certificate if the claim or loss would have been covered by the prior claims made policy provided that the claim or loss is also within the scope of coverage afforded by the policy issued to the State of West Virginia and not excluded therein. However, in no event shall coverage apply to a claim or loss occurring prior to the RETRO DATE, if any, stated below.

RETRO DATE: September 18, 1986

BY: _____

Charles E. Jones
AUTHORIZED REPRESENTATIVE

DATED: June 26, 2001

MEMORANDUM OF PROPERTY INSURANCE
PROVIDED BY
STATE BOARD OF RISK AND INSURANCE MANAGEMENT

NAME OF INSURED: TOWN OF CEDAR GROVE

P. O. BOX 536
CEDAR GROVE, WV 25039

MEMORANDUM NO: P 0532 - Sep 18, 1986

COVERAGE PERIOD: From Jul 1, 2001 To Jul 1, 2002 12:01 E.S.T.

DEDUCTIBLE: \$1,000 Each Occurrence

This memorandum presents a summary of coverage only and is subject to the terms, conditions and exclusions of the entire policy. The policy may be inspected at the office of The Board of Risk and Insurance Management, 4501 MacCorkle Avenue, SW, South Charleston, WV 25309 during its regular business hours. Reproduction of the policy shall be at cost.

1. AMOUNT OF COVERAGE. Subject to the limitations that follow the maximum amount payable for a covered loss is \$201,000,000 each occurrence.
 - a. Fidelity Honest Bond. The maximum amount payable is \$2,000,000.
 - b. Money and Securities. The maximum amount payable is \$1,500,000.
 - c. Vehicles and mobile equipment. The maximum amount payable is \$7,000,000 and applies in excess of the amount recoverable under the physical damage coverage included in the liability certificate.
 - d. Boiler and Machinery. The maximum amount payable is \$7,000,000.
2. PROPERTY COVERED.
 - a. All real and personal property owned by the Insured, except as stated in item 3 below.
 - b. Property of others in the Insured's custody, if the Insured is legally responsible for the loss.
 - c. When resulting from damage to Insured-owned property:
 - (1) The cost to recreate valuable papers and records.
 - (2) The increase in operating expenses required to continue operations.

3. PROPERTY EXCLUDED:

- a. Aircraft.
- b. Roads, bridges, tunnels, dams, guard rails, outdoor signs and similar property.
- c. Buildings in the course of construction.
- d. Plants and animals.

4. PERILS COVERED:

Coverage applies to losses from any cause, except as stated in item 5 below.

5. PERILS NOT COVERED:

- a. Nuclear contamination.
- b. Wear and tear, rust, dryrot and similar degenerative causes.
- c. Pollution and contamination
- d. Earth movement and flood.
- e. Failure of data processing or other equipment or machinery to recognize a specific date.

6. AMOUNT PAYABLE FOR COVERED LOSSES:

- a. Artwork. The amount for which the item is carried on the Insured's books.
 - b. Vehicles and mobile equipment. The actual cash value of the vehicle.
 - c. Valuable Papers. The cost to duplicate the papers, including the cost of research time necessary to gather required information.
 - d. Extra Expense. The increase in operating expense necessarily incurred to continue normal operations.
 - e. Income. The loss of income that would have been received had no loss occurred, less expenses that will not continue.
 - f. Other Property. The replacement cost of the damaged or destroyed property.
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