

Town of Cedar Grove, West Virginia  
P. O. Box 536  
Cedar Grove, West Virginia 25039

September 24, 1979

West Virginia Municipal Bond  
Commission  
State Capitol  
Charleston, WV 25305

Attention: Marie L. Prezioso, Executive Secretary

Re: Town of Cedar Grove, West Virginia  
\$115,000 Water Works Revenue Bonds  
dated October 1, 1950  
\$535,000 Waterworks Revenue Bond, Series 1979

Dear Ms. Prezioso:

We herewith deliver to the West Virginia Municipal Bond Commission moneys in the amount of Thirty-eight thousand five hundred forty-five dollars (\$38,545). Such moneys constitute interim financing obtained on the date hereof pending the issuance of, and (except for any payments required to be made prior to the issuance thereof, which payments shall be made from the revenues derived from the operation of the municipal waterworks system of the Town during such period) to be repaid from a portion of the proceeds of, the \$535,000 Town of Cedar Grove Waterworks Revenue Bond, Series 1979, of the Town of Cedar Grove, West Virginia, to be issued for the purposes of financing the acquisition and construction of certain additions, betterments and improvements to the municipal waterworks system of the Town and refunding the Water Works Revenue Bonds dated October 1, 1950, of the Town presently outstanding (the "1950 Bonds").

We have been advised by your office that no additional fiscal agent charges will be incurred in connection with our refunding the 1950 Bonds of the Town and that the Town now has on deposit with the Commission moneys sufficient to pay the interest regularly falling due and the Bonds, being Bonds Nos. 85 through 89, inclusive, regularly maturing on October 1, 1979. Accordingly, we respectfully direct that

West Virginia Municipal Bond  
Commission  
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the moneys herewith delivered to the Commission be deposited in the bond and interest redemption account established for the 1950 Bonds and applied, without being invested, as follows:

To redeem prior to maturity \$26,000 in aggregate principal amount of 1950 Bonds outstanding as of October 1, 1979 (plus a redemption premium of 3%, there being no interest accrued thereon not otherwise provided for)	\$26,780
To provide for the payment of certain matured 1950 Bonds outstanding as of October 1, 1979	9,000
To provide for the payment of interest due and owing on certain 1950 Bonds	<u>2,765</u>
Total	\$38,545

We further respectfully direct that on October 1, 1979, Bonds Nos. 90 through 115, inclusive, of the 1950 Bonds, in the aggregate principal amount of \$26,000, be redeemed prior to the maturity thereof. Notice of such refunding and redemption has been duly given by the Town in accordance with the ordinance authorizing the 1950 Bonds, and a copy of such notice is attached hereto as Exhibit A. The terms of such redemption are the par value of the 1950 Bonds to be redeemed and interest accrued thereon, plus a premium of three percent (3%) of the par value thereof.

It is our understanding that, upon the redemption prior to maturity of Bonds Nos. 90 through 115, inclusive, on October 1, 1979, and our deposit herewith of funds sufficient to provide for the payment of certain matured 1950 Bonds outstanding as of October 1, 1979, and for the payment of interest due and owing on certain 1950 Bonds, the 1950 Bonds will be refunded and shall be deemed to be paid in accordance

West Virginia Municipal Bond  
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with the provisions of the ordinance authorizing the issuance of the 1950 Bonds and all the covenants, agreements and other obligations of the Town to the holders of the 1950 Bonds shall cease, terminate and become void and be discharged and satisfied.

After the redemption prior to maturity of Bonds Nos. 90 through 115, inclusive, has been effected and provision for the payment of certain matured 1950 Bonds outstanding as of October 1, 1979, and for the payment of interest due and owing on certain 1950 Bonds has been made, the moneys, if any, remaining in the bond and interest redemption account established for the 1950 Bonds are to be transferred to the sinking fund established with the Commission under the ordinance authorizing the Town of Cedar Grove Waterworks Revenue Bond, Series 1979.

The Commission is hereby specifically instructed that no part of the moneys herewith delivered to and deposited with the Commission or already in the bond and interest redemption account of the Town shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Waterworks Revenue Bond, Series 1979, of the Town to be an "arbitrage bond" as defined in subsection (c)(2) of Section 103 of the Internal Revenue Code of 1954, as amended and then in effect, and to be subject to treatment under subsection (c)(1) of said section as an obligation not described in subsection (a).

Attached for your reference as Exhibit B and Exhibit C hereto, respectively, are a specimen of the 1950 Bonds and a copy of the ordinance authorizing the Waterworks Revenue Bond, Series 1979.

Respectfully submitted,

TOWN OF CEDAR GROVE, WEST VIRGINIA

BY Harry Hager  
Its Mayor

TOWN OF CEDAR GROVE, WEST VIRGINIA

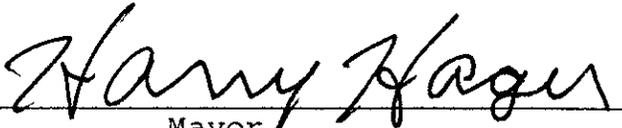
Water Works Revenue Bonds  
Dated October 1, 1950

NOTICE OF REFUNDING AND REDEMPTION

TO ALL HOLDERS OF THE ABOVE-CAPTIONED BONDS:

You are hereby notified that all the outstanding Water Works Revenue Bonds of the Town of Cedar Grove, West Virginia, dated October 1, 1950, being bonds numbered 90 to 115, inclusive (the "Bonds"), will be refunded one week before the next interest payment date thereof and are hereby called for redemption on said next interest payment date thereof, being October 1, 1979. In accordance with the ordinance authorizing the Bonds, the terms for such redemption are the par value thereof and the accrued interest thereon, plus a premium of three per cent (3%) of the par value thereof. Payment shall be made at the office of the Municipal Bond Commission of West Virginia (State Sinking Fund Commission) in Charleston, West Virginia. After the redemption date specified above, the Bonds shall be deemed to be paid in accordance with the provisions of the ordinance authorizing the issuance of the Bonds, and all the covenants, agreements and other obligations of the Town to the holders of the Bonds shall cease, terminate and become void and be discharged and satisfied.

TOWN OF CEDAR GROVE, WEST VIRGINIA

  
\_\_\_\_\_  
Mayor

Dated: August 15, 1979

35

1000

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

# TOWN OF CEDAR GROVE

WATER WORKS REVENUE BOND

FIRST SERIES

Know All Men By These Presents, the Town of Cedar Grove, West Virginia, a municipal corporation, organized and existing under the laws of the State of West Virginia, (hereinafter sometimes referred to as the "Town"), for value received, hereby promises to pay to the bearer hereof, or, if this bond be registered to the registered holder, as hereinafter provided, the sum of

## ONE THOUSAND DOLLARS

on the first day of October, 1968, and to pay interest on said sum from the date hereof at the rate of three and one-half (3 1/2%) per cent per annum, payable semi-annually on the first day of April and the first day of October in each year, on presentation and surrender of the annexed interest coupons as they shall severally mature, both principal of, and interest on this bond being payable in lawful money of the United States of America, at the office of the State Sinking Fund Commission in the City of Charleston, West Virginia.

This bond is one of a series issued for the purpose of financing the cost of constructing improvements and betterments by extending the Water Works System of the Town of Cedar Grove, under and in full compliance with the Constitution and Statutes of the State of West Virginia, including particularly Article 12 of Chapter 8 of the West Virginia Code.

Bonds numbered from 14 to 115, inclusive, of the series of bonds of which this is one shall be optional for redemption in their inverse numerical order, by said Town from time to time prior to their maturity on any interest payment date on or after October 1, 1969, upon terms of par and accrued interest, plus a premium of 3% of the par value of any bonds called, and in the event of the exercise of such option as to any or all of said bonds, notice thereof, specifying the bonds to be redeemed, shall be published at least once not less than thirty (30) days prior to such redemption date in a newspaper of general circulation published in the City of Charleston, West Virginia. Interest shall cease to accrue after the redemption date on any bonds so called for redemption and for the retirement of which funds are duly provided but otherwise each of said bonds shall bear interest until paid at the rate aforesaid.

This bond and the series of which it forms a part are payable only from a fixed amount of the gross revenues to be derived from the operation of said Water Works System, which amount shall be sufficient to pay the principal of and interest on this bond and the series of which it is a part, as and when the same become due and payable, and which shall be set aside as a special account for that purpose and identified as "The Town of Cedar Grove Water Works Bond and Interest Redemption Account," the sums necessary to pay the principal of and interest on this bond and the series of which it forms a part. This bond and the series of which it forms a part do not constitute an indebtedness of the Town of Cedar Grove within the meaning of any constitutional provisions or limitations.

A statutory mortgage lien on said improvements and betterments is created and granted to and in favor of the holder, or holders, of this bond and the series of which it is one, and in favor of the holder or holders, of the coupons attached thereto, and the same is hereby recognized as valid and binding, and said improvements and betterments shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this bond and the series of which it is one.

This bond shall be fully negotiable and pass by delivery but may be registered as to principal on the books of said Town in the Office of its Recorder, evidence of such registration to be noted on the reverse hereof by the Recorder, after which no transfer shall be valid unless made on said books at the written request of the person in whose name it is registered or his duly authorized attorney, and similarly noted on the reverse hereof; but this bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again be transferable by delivery, but this bond may again from time to time be registered or transferred to bearer as before. The registration of this bond, however, shall not affect the negotiability of the coupons, which shall continue to pass by delivery.

This bond is exempt from taxation by the State of West Virginia and any county or municipality therein.

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 do exist, have happened and have been performed in the manner and form required by law, that said Town will continuously operate its Water Works System, and that a sufficient amount of the gross revenues derived from the operation of said System has been pledged to and will be set aside into a special account for the purpose of paying the principal of and interest on this bond and the series of which it is one.

In Witness Whereof, the Town of Cedar Grove, in the State of West Virginia, has caused this bond to be executed by its Mayor and its corporate seal to be hereto affixed, attested by its Recorder, and the coupons hereto attached to bear the facsimile signatures of said Mayor and Recorder, all as of the first day of October, 1950.

ATTEST:

*Thomas B. Williams*  
TOWN RECORDER

*L. R. Linbolt*  
MAYOR



TOWN OF CEDAR GROVE, WEST VIRGINIA

\$535,000 Waterworks Revenue Bond,  
Series 1979

BOND ORDINANCE

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Ordinance No. \_\_\_\_\_

Introduced into Council

Referred to

June 11, 1979

Water Works Com.

Introduced by

Passed by Council

C. E. Vanita

1 An Ordinance authorizing the acquisition and construction of  
2 certain additions, betterments and improvements to the municipal  
3 waterworks system of the Town of Cedar Grove, West Virginia;  
4 authorizing the issuance of a Town of Cedar Grove Waterworks Revenue  
5 Bond, Series 1979, in aggregate principal amount of not to  
6 exceed \$535,000, to finance, along with other funds and moneys  
7 of, or available to, the Town of Cedar Grove that may be lawfully  
8 expended for such purposes, the cost of such acquisition and  
9 construction and to make provisions for the refunding of all  
10 outstanding water revenue bonds of the Town of Cedar Grove;  
11 providing for the rights and remedies of and security for  
12 the holder of such Waterworks Revenue Bond, Series 1979;  
13 and adopting other provisions related thereto.

14  
15 Be It Ordained by the Town Council of the Town of Cedar Grove,  
16 West Virginia:

17  
18 ARTICLE I

19  
20 STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

21  
22 Section 1.01. Authority of This Ordinance. This  
23 Ordinance is adopted pursuant to the provisions of Article 19  
24 of Chapter 8 and Article 2E of Chapter 13 of the Code of West  
25 Virginia of 1931, as amended (the "Act"), and other applicable  
26 provisions of law.

27  
28 Section 1.02. Findings. It is hereby found, determined  
29 and declared that:

30  
31 (A) The Town of Cedar Grove (hereinafter sometimes  
32 called the "Town") now owns and operates a waterworks system

1 (hereinafter sometimes called the "Waterworks System"), furnishing  
2 water service to residences, premises and businesses residing or  
3 located within and without the area of the Town, the acquisition  
4 and construction of additions, betterments and improvements thereto  
5 having been financed by the proceeds of one hundred fifteen  
6 thousand dollars (\$115,000) in aggregate principal amount  
7 of Water Works Revenue Bonds of the Town dated October 1, 1950  
8 (hereinafter sometimes called the "1950 Bonds").  
9

10 (B) The Town derives revenues from the Waterworks  
11 System, and, except for the pledges thereof to secure and pay said  
12 Water Works Revenue Bonds dated October 1, 1950, issued pursuant  
13 to an ordinance adopted by the Council of the Town of Cedar Grove  
14 in October 1950, and now outstanding in the principal  
15 amount of \$31,000, said revenues are not pledged or encumbered  
16 in any manner.  
17

18 (C) It is deemed necessary and desirable for the  
19 health, welfare and safety of the inhabitants of the Town of  
20 Cedar Grove that there be constructed certain additions,  
21 betterments and improvements to the Waterworks System in accordance  
22 with the plans and specifications being prepared by Appalachian  
23 Engineers, Inc., Consulting Engineers, Charleston, West Virginia  
24 (the "Consulting Engineers"), which additions, betterments and  
25 improvements (the "Project") are generally described in  
26 Exhibit A attached hereto and by this reference made a part  
27 hereof.  
28

29 (D) The estimated maximum cost of the construction of  
30 the Project is \$1,348,000, of which \$508,000 will be obtained  
31 from the proceeds of the Bond herein authorized, \$490,000 will  
32 be obtained from a grant from the County Commission of  
33 Kanawha County, West Virginia, \$107,000 will be obtained from a  
34 grant from the Department of Housing and Urban Development, and  
35 \$243,000 will be obtained from a grant from the Appalachian  
36 Regional Commission.  
37

38 (E) The period of usefulness of the Waterworks  
39 System after completion of the Project will not be less than  
40 forty years.  
41

42 (F) The present ordinance of the Town of Cedar Grove  
43 authorizing the issuance of the 1950 Bonds of the

1 Town, which are now outstanding, contains conditions,  
2 limitations and restrictions which until released, terminated  
3 or modified will preclude the accomplishment of the  
4 purposes of this Ordinance, and the only presently feasible way  
5 of obtaining such release, termination or modification of such  
6 conditions, limitations and restrictions is by refunding such  
7 Water Works Revenue Bonds with a portion of the proceeds of the  
8 1979 Bond to the extent and otherwise in the manner provided in  
9 this Ordinance, in the ordinance authorizing the issuance of the  
10 1950 Bonds and as provided by applicable provisions of law.  
11

12 (G) The estimated revenues to be derived in each  
13 year after the adoption of this Ordinance from the operation  
14 of said Waterworks System will be sufficient to pay all the  
15 cost of the operation and maintenance of said Waterworks System,  
16 the principal of and interest on the 1979 Bond authorized to  
17 be issued pursuant to this Ordinance and all sinking fund,  
18 reserve and other payments provided for in this Ordinance.  
19

20 (H) It is deemed necessary for the Town of Cedar Grove  
21 to issue its 1979 Bond, in part to finance the costs of  
22 construction of the additions, betterments and improvements to  
23 the Waterworks System herein described. Said cost shall  
24 be deemed to include the cost of the acquisition of any real  
25 property involved; the cost of the construction of said additions,  
26 betterments and improvements to the Waterworks System and any  
27 other expenses necessary, incidental, desirable, or appurtenant  
28 to the acquisition and construction of such additions, betterments  
29 and improvements to the Waterworks System; interest on the 1979  
30 Bond authorized to be issued pursuant to this Ordinance prior to,  
31 during and for six months after the estimated date of completion  
32 of the construction herein authorized; engineering and  
33 legal expenses; expenses for estimates of costs and revenues;  
34 expenses for plans, specifications and surveys; expenses  
35 for fiscal or other agents in connection with the issuance  
36 of the Bond authorized to be issued pursuant to this Ordinance  
37 and such other expenses as may be necessary or desirable to  
38 said acquisition and construction of the additions, betterments  
39 and improvements to the Waterworks System authorized by this  
40 Ordinance and the financing authorized by this Ordinance.  
41

42 (I) One of the purposes for which the 1979 Bond is  
43 being issued is to effect the release, termination and discharge

1 of the liens, restrictions, conditions and limitations  
2 imposed in connection with the 1950 Bonds.  
3

4 (J) The 1950 Bonds outstanding on the next redemption  
5 date thereof, now estimated to be in the aggregate principal amount  
6 of \$26,000, are hereby ordered to be refunded by the deposit  
7 by the Town with the Municipal Bond Commission of West Virginia  
8 (the "Municipal Bond Commission") one week prior to the interest  
9 payment date immediately following the preliminary closing of the  
10 sale of the 1979 Bond to the United States of America, Farmers Home  
11 Administration, as hereinafter provided, of an amount equal to  
12 the reasonable applicable fiscal agent charges and a sum of  
13 money, now estimated to be approximately \$27,000, sufficient, along  
14 with the moneys contained in the bond and interest redemption  
15 account established for the 1950 Bonds by the Town with the  
16 Municipal Bond Commission, to effect redemption prior to  
17 maturity of the 1950 Bonds. Such deposit shall be placed in said  
18 bond and interest redemption account and shall, along with  
19 the other moneys in such account, be used on such interest payment  
20 date immediately following the preliminary closing to effect  
21 redemption prior to maturity of the 1950 Bonds then outstanding,  
22 all in accordance with the provisions hereinafter set forth.  
23 Upon effecting such redemption and the payment in full  
24 of the reasonable fiscal agent charges, if any, incurred  
25 in connection with such redemption, any moneys remaining  
26 in said bond and interest redemption account shall be  
27 transferred by the Municipal Bond Commission to the  
28 Sinking Fund provided for herein.  
29

30 Section 1.03. Ordinance Constitutes Contract. In  
31 consideration of the acceptance of the Bond authorized to  
32 to be issued hereunder by those who shall hold the same  
33 from time to time, this Ordinance shall be deemed to be  
34 and shall constitute a contract between the Town of Cedar  
35 Grove and such Bondholder, and the covenants and agreements  
36 herein set forth to be performed by said Town shall be  
37 for the equal benefit, protection and security of the  
38 legal holders of such Bond.  
39

40 Section 1.04. Definitions. The following terms  
41 shall have the following meanings in this Ordinance unless  
42 the context expressly requires otherwise:  
43

1           A. "Act" shall mean Article 19 of Chapter 8 and  
2 Article 2E of Chapter 13 of the Code of West Virginia, 1931,  
3 as amended and in effect on the date of adoption of this  
4 Ordinance.  
5

6           B. "Bond" or "Bonds" or "1979 Bond" shall mean  
7 the not in excess of \$535,000 Waterworks Revenue Bond, Series 1979,  
8 originally authorized to be issued pursuant to this Ordinance, and  
9 any pari passu additional Bonds hereafter issued within the  
10 terms, restrictions and conditions contained in this Ordinance  
11 and any interest coupons appertaining to such additional parity Bonds.  
12

13           C. "Bondholder" or "Holder of the Bonds" or any  
14 similar term shall mean any person who shall be the bearer  
15 or owner of any outstanding Bond or Bonds registered to bearer  
16 or not registered, or the registered owner of any outstanding Bond  
17 or Bonds which shall at the time be registered other than to the  
18 bearer or of any coupons representing interest accrued or to  
19 accrue on said Bonds.  
20

21           D. "Consulting Engineers" shall mean Appalachian  
22 Engineers, Inc., Consulting Engineers, Charleston, West  
23 Virginia, or any engineer or firm of engineers that shall at any  
24 time hereafter be retained by the Town as Consulting Engineers  
25 for the Waterworks System.  
26

27           E. "Cost of Works" shall mean those costs described  
28 in Section 1.02(H) hereof to be a part of the cost of the  
29 acquisition and construction of the Project.  
30

31           F. "Fiscal Year" shall mean each twelve month period  
32 beginning on July 1 and ending on the succeeding June 30.  
33

34           G. "Government" shall mean the United States Department  
35 of Agriculture, Farmers Home Administration, and any successor  
36 thereof.  
37

38           H. "Gross Revenues" shall mean all rates, rents, fees,  
39 charges or other income (including, without limitation, sale  
40 proceeds) received by or accrued to the Town from the operation  
41 of the Waterworks System, as calculated in accordance with  
42 generally accepted accounting practices.  
43

1 I. "Independent Certified Public Accountant" shall mean  
2 Krisher and Krisher, Certified Public Accountants, Charleston,  
3 West Virginia, or any firm of certified public accountants  
4 which shall be retained by the Town as independent accountants  
5 for the Waterworks System.  
6

7 J. "Operating Expenses," unless qualified, shall mean the  
8 current expenses, paid or accrued, of repair, operation and  
9 maintenance of the Waterworks System, and includes, without limiting  
10 the generality of the foregoing, depreciation, insurance premiums,  
11 supplies, labor, wages, the cost of materials and supplies used  
12 for current operations, and administrative expenses of the Town  
13 relating and chargeable to the Waterworks System, and such other  
14 reasonable operating costs and expenses as should normally and  
15 regularly be included under generally accepted accounting practices.  
16

17 K. "Original Purchaser" shall mean the purchaser, directly  
18 from the Town, of any series of Bonds issued pursuant hereto,  
19 or any part of any such series.  
20

21 L. "Project" shall mean the additions, betterments  
22 and improvements to the existing waterworks system of the Town  
23 described in Exhibit A.  
24

25 M. "Redemption Date" shall mean the interest payment  
26 date for the 1950 Bonds immediately following the preliminary  
27 closing of the sale of the 1979 Bond to the Government, on  
28 which date all the 1950 Bonds then outstanding shall be  
29 redeemed.  
30

31 N. "Town" shall mean the Town of Cedar Grove, a  
32 municipal corporation of the State of West Virginia, and, where  
33 appropriate, shall also mean the Council thereof and any department,  
34 board, agency or instrumentality thereof in control of the  
35 management and operation of the Waterworks System.  
36

37 O. "Waterworks System" shall mean the complete existing  
38 waterworks system and works now owned by the Town for a water  
39 supply system, in its entirety or any integral part thereof,  
40 and shall include any additions, betterments and improvements  
41 thereto as authorized by this Ordinance, or hereafter constructed  
42 or acquired for said waterworks system from any sources whatsoever,  
43 or both, within and without said Town.

1 P. Words importing singular number shall include the  
2 plural number in each case and vice versa, and words importing  
3 persons shall include firms and corporations.  
4

5 ARTICLE II  
6

7 AUTHORIZATION OF ADDITIONS, BETTERMENTS  
8 AND IMPROVEMENTS TO SAID WATERWORKS SYSTEM  
9

10 Section 2.01. Authorization of Additions, Betterments  
11 and Improvements. There is hereby authorized the construction and  
12 acquisition of the Project in accordance with plans and specifi-  
13 cations therefor prepared by the Consulting Engineers.  
14

15 ARTICLE III  
16

17 AUTHORIZATION OF AND PROCEDURE FOR REDEMPTION  
18 OF 1950 BONDS  
19

20 Section 3.01. Authorization of Redemption of 1950  
21 Bonds. There is hereby authorized and ordered the redemption  
22 prior to maturity, on the Redemption Date, as provided for  
23 in Section 1.04(M) hereof, of all of the 1950 Bonds outstanding  
24 on such date, now estimated to be bonds numbered 90 through  
25 115, inclusive, in the aggregate principal amount of \$26,000.  
26

27 Section 3.02. Procedure for Redemption of 1950 Bonds.  
28 The procedure for redemption prior to maturity of the 1950  
29 Bonds shall be as follows:  
30

31 (A) Not less than 30 days prior to the Redemption  
32 Date, the Town shall cause to be published at least once in  
33 The Charleston Gazette, a newspaper of general circulation  
34 published in The City of Charleston, West Virginia, a notice  
35 of the refunding and redemption of the 1950 Bonds, which  
36 notice shall be substantially in the form of Exhibit B  
37 hereto.  
38

39 (B) One week prior to the Redemption Date, the  
40 Town shall obtain from the institution through which it  
41 has arranged financing for the interim between the preliminary  
42 and final closings of the sale of its 1979 Bond an amount equal  
43 to the reasonable applicable fiscal agent charges and a sum of

1 money, now estimated to be approximately \$27,000, sufficient,  
2 along with the moneys contained in the bond and interest  
3 redemption account established for the 1950 Bonds by  
4 the Town with the Municipal Bond Commission, to effect  
5 redemption prior to maturity of the 1950 Bonds then outstanding.  
6

7 (C) On the same day the moneys described in  
8 subsection (B) hereof are advanced to the Town, the Town shall  
9 deliver such moneys to the Municipal Bond Commission  
10 and, after payment of reasonable applicable fiscal agent  
11 charges, have them deposited in the bond and interest  
12 redemption account established for the 1950 Bonds.  
13

14 (D) At the same time the moneys described in  
15 subsection (B) hereof are delivered to and deposited with  
16 the Municipal Bond Commission, the Town shall instruct  
17 the Municipal Bond Commission to redeem on the Redemption  
18 Date all 1950 Bonds then outstanding at a price of the  
19 par value thereof and accrued interest thereon, plus a  
20 premium of three percent (3%) of the par value thereof,  
21 in accordance with the notice provided for in subsection (A)  
22 hereof and previously given by the Town and with the  
23 ordinance authorizing the 1950 Bonds.  
24

25 (E) After redemption of the 1950 Bonds has been  
26 effected and the reasonable applicable fiscal agent  
27 charges, if any, incurred in connection with such redemption  
28 have been paid, any moneys remaining in the bond and  
29 interest redemption account established for the 1950 Bonds  
30 shall be transferred to the Sinking Fund established hereunder  
31 with the Municipal Bond Commission.  
32

#### 33 ARTICLE IV

#### 34 AUTHORIZATION, TERMS, EXECUTION 35 AND REGISTRATION OF BONDS 36

37  
38 Section 4.01. Authorization of 1979 Bond. Subject and  
39 pursuant to the provisions herein, the Bond of the Town to be known  
40 as "Town of Cedar Grove Waterworks Revenue Bond, Series 1979,"  
41 is hereby authorized to be issued in the aggregate principal  
42 amount of not exceeding five hundred thirty-five thousand dollars  
43 (\$535,000) for the purpose of refunding all of the Water Works

1 Revenue Bonds of the Town of Cedar Grove outstanding on the  
2 Redemption Date and for the purpose of financing part of the  
3 cost of the construction and acquisition of the Project.  
4

5 Section 4.02. Description of 1979 Bond. The 1979 Bond  
6 shall be issued in single form, No. R-1, not to exceed \$535,000,  
7 and shall be dated on the date of delivery thereof. The 1979 Bond  
8 shall bear interest from date, payable semiannually, beginning six  
9 months from the date of the Bond, at the rate of five per centum (5%)  
10 per annum, and shall be sold for the par value thereof.  
11

12 The 1979 Bond shall be subject to prepayment of scheduled  
13 installments, or any portion thereof, at the option of the Town,  
14 and shall be payable as provided in the Bond form hereinafter set  
15 forth.  
16

17 Section 4.03. Execution of 1979 Bond. Said Bond shall  
18 be executed in the name of the Town by the Mayor, and the seal  
19 of the Town shall be affixed thereto and attested by the Town  
20 Recorder. In case any one or more of the officers who shall  
21 have signed or sealed the Bond shall cease to be such officer  
22 of the Town before the Bond so signed and sealed has been actually  
23 sold and delivered, such Bond may nevertheless be sold and  
24 delivered as herein provided and may be issued as if  
25 the person who signed or sealed such Bond had not ceased to  
26 hold such office. Any Bond may be signed and sealed on behalf  
27 of the Town by such person as at the actual time of the execution  
28 of such Bond shall hold the proper office in the Town, although  
29 at the date of such Bond such person may not have held such  
30 office or may not have been so authorized.  
31

32 Section 4.04. Negotiability. The Bond shall be, and  
33 have all of the qualities and incidents of, a negotiable instrument  
34 under the Uniform Commercial Code of the State of West Virginia,  
35 and each successive holder, in accepting said Bond, shall be  
36 conclusively deemed to have agreed that such Bond shall be, and  
37 have all of the qualities and incidents of, a negotiable instrument  
38 under the Uniform Commercial Code of the State of West Virginia.  
39

40 Section 4.05. Bonds Mutilated, Destroyed, Stolen or  
41 Lost. In case the Bond shall become mutilated or be destroyed,  
42 stolen or lost, the Town may in its discretion issue and deliver  
43 a new Bond in exchange and substitution for such mutilated Bond,

1 upon surrender and cancellation of such mutilated Bond, or in  
2 lieu of and substitution for the Bond destroyed, stolen or  
3 lost, and upon the holder's furnishing the Town proof of his  
4 or her ownership thereof and satisfactory indemnity and  
5 complying with such other reasonable regulations and conditions  
6 as the Town may prescribe and paying such expenses as the Town  
7 may incur. Any Bond so surrendered shall be cancelled by  
8 the Town Recorder and held for the account of the Town. If  
9 such Bond shall have matured or be about to mature, instead  
10 of issuing a substitute Bond, the Town may pay the same, upon  
11 being indemnified as aforesaid, and, if such Bond be lost,  
12 stolen, or destroyed, without surrender therefor.

13  
14 Any such duplicate Bond issued pursuant to this section  
15 shall constitute an original, additional contractual obligation on  
16 the part of the Town, whether or not the lost, stolen or destroyed  
17 Bond be at any time found by any one, and such duplicate Bond shall  
18 be entitled to equal and proportionate benefits and rights as to  
19 lien and source of security for payment from the revenues pledged  
20 herein with all other Bonds and coupons, if any, issued hereunder.

21  
22 Section 4.06. Form of Bond. Subject to the  
23 provisions of this Ordinance, the text of the 1979 Bond and  
24 the other details thereof shall be of substantially the  
25 following tenor, with such omissions, insertions and variations  
26 as may be necessary and desirable and authorized or permitted  
27 by this Ordinance, or any subsequent resolution or ordinance  
28 adopted prior to the issuance thereof:

29  
30 (Form of Single, Fully Registered Bond)

31  
32 No. R-1

33  
34 TOWN OF CEDAR GROVE, WEST VIRGINIA  
35 WATERWORKS REVENUE BOND, SERIES 1979

36  
37 \$535,000

38 Date \_\_\_\_\_

39 FOR VALUE RECEIVED, the TOWN OF CEDAR GROVE, WEST  
40 VIRGINIA (herein called the "Borrower"), promises to pay to the  
41 order of the United States of America, Farmers Home Administration,  
42 United States Department of Agriculture (herein called the  
43 "Government"), at its National Finance Office, St. Louis,

1 Missouri 63103, or at such other place as the Government  
2 may hereafter designate in writing, the principal sum of  
3 Five Hundred Thirty-Five Thousand Dollars (\$535,000), plus  
4 interest on the unpaid principal balance at the rate of  
5 five percent (5%) per annum.  
6

7 The said principal and interest shall be paid in  
8 the following installments on the following dates: Installments  
9 of interest only semiannually for the first two years after the  
10 date hereof, beginning six months after the date hereof, and  
11 \_\_\_\_\_, covering principal and interest, semiannually  
12 thereafter, except that the final installment shall be paid at  
13 the end of forty (40) years from the date of this Bond and shall  
14 be in the sum of the unpaid principal and interest on the date of  
15 such payment, and except that prepayments may be made as provided  
16 hereinbelow. The consideration herefor shall support any agreement  
17 modifying the foregoing schedule of payments.  
18

19 If the total amount of the loan is not advanced at  
20 the time of closing, the loan shall be advanced to Borrower as  
21 approved by the Government, and, in lieu of the semiannual installments  
22 stated above, interest and principal shall be paid on the amount  
23 of each advance from its actual date as shown on the Record of  
24 Advances contained herein.  
25

26 Every payment made on any indebtedness evidenced  
27 by this Bond shall be applied first to interest computed to the  
28 effective date of the payment and then to principal.  
29

30 Prepayments of scheduled installments, or any  
31 portion thereof, may be made at any time at the option of Borrower.  
32 Extra payments, as defined in the regulations of the  
33 Farmers Home Administration, shall, after payment of interest,  
34 be applied to the installments last to become due under this  
35 Bond and shall not affect the obligation of Borrower to  
36 pay the remaining installments as scheduled herein.  
37

38 If the Government at any time assigns this Bond and  
39 insures the payment thereof, Borrower shall continue to make  
40 payments to the Government as collection agent for the holder.  
41

42 While this Bond is held by an insured lender, pre-  
43 payments as above authorized made by Borrower may, at the option

1 of the Government, be remitted by the Government to the holder  
2 promptly or, except for final payment, be retained by the Government  
3 and remitted to the holder on either a calendar quarter basis  
4 or an annual installment due date basis. The effective date of  
5 every payment made by Borrower, except payments retained and  
6 remitted by the Government on either a calendar quarter basis or  
7 an annual installment due date basis, shall be the date of the  
8 prepayment by Borrower, and the Government will pay the interest  
9 to which the holder is entitled accruing between the effective  
10 date of any such prepayment and the date of the Treasury check to  
11 the holder.  
12

13 Any amount advanced or expended by the Government for  
14 the collection hereof or to preserve or protect any security or  
15 other instrument executed in connection with the loan evidenced  
16 hereby, at the option of the Government, shall become a part of  
17 and bear interest at the same rate as the principal of the debt  
18 evidenced hereby and be immediately due and payable by Borrower  
19 to the Government without demand. Borrower agrees to use the loan  
20 evidenced hereby solely for purposes authorized by the Government.  
21

22 This Bond is issued to refund waterworks revenue bonds  
23 of the Borrower outstanding in the principal amount of \$ \_\_\_\_\_,  
24 with the proceeds in excess of those to be used for such purpose  
25 to be used to finance the cost of construction and acquisition  
26 of additions, betterments and improvements to the waterworks  
27 system (herein called the "Waterworks System") of the Borrower  
28 under the authority of and in full compliance with the Constitution and  
29 statutes of the State of West Virginia, including particularly  
30 Article 19 of Chapter 8 and Article 2E of Chapter 13 of the Code  
31 of West Virginia, 1931, as amended, and an ordinance duly adopted  
32 by the Town Council of the Town of Cedar Grove on the \_\_\_\_ day  
33 of \_\_\_\_\_, 1979 (herein called the "Ordinance"), and  
34 is subject to all the terms and conditions of said Ordinance.  
35 The Ordinance provides for the issuance of additional bonds under  
36 certain conditions, and such bonds would be entitled to  
37 be paid and secured equally and ratably from and by the funds  
38 and revenues and other security provided for the Bond  
39 under the Ordinance.  
40

41 The Bond is payable only from and secured by the  
42 revenues to be derived from the operation of the Waterworks  
43 System of the Borrower, which revenues shall be sufficient to

1 pay the principal of, and interest on, all bonds which  
2 may be issued for the construction, acquisition, improvement,  
3 extension or betterment of such Waterworks System as and  
4 when the same become due and payable, and which shall be  
5 set aside as a special fund hereby pledged for such purpose.  
6 This Bond does not constitute a corporate indebtedness of the  
7 Town of Cedar Grove within the meaning of any constitutional  
8 or statutory provisions or limitations, nor shall the Borrower  
9 be obligated to pay the same or the interest hereon except  
10 from said special fund provided from the revenues from the  
11 operation of said Waterworks System. The Borrower in said  
12 Ordinance has covenanted and agreed to establish such rates  
13 and charges for the use of and services rendered by said  
14 Waterworks System, and to change and readjust the same from time  
15 to time whenever necessary, as will always provide revenues  
16 in each fiscal year equal to 110% of the average annual debt  
17 service on the Bond outstanding, in addition to paying,  
18 as the same shall become due, the necessary expenses of repair,  
19 maintenance and operation of the Waterworks System during  
20 such fiscal year and all obligations other than the Bond  
21 payable out of the revenues of said Waterworks System  
22 during such fiscal year, and that such rates or charges shall  
23 not be reduced. Said Borrower has entered into certain  
24 further covenants with the holder of the Bond for the terms  
25 of which reference is made to said Ordinance. Remedies provided  
26 the holder of the Bond are exclusively as provided in the  
27 Ordinance, to which reference is here made for a detailed  
28 description thereof.

29  
30 Borrower hereby certifies that it is unable to obtain  
31 sufficient credit elsewhere to finance its actual needs at reasonable  
32 rates and terms, taking into consideration prevailing private  
33 and cooperative rates and terms in or near its community for  
34 loans for similar purposes and periods of time.

35  
36 If at any time it shall appear to the Government that  
37 Borrower may be able to obtain a loan from a responsible cooperative  
38 or private credit source at reasonable rates and terms for  
39 loans for similar purposes and periods of time, Borrower will,  
40 at the Government's request, apply for and accept such loan in  
41 sufficient amount to repay the Government.

42  
43 IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts,

1 conditions and things required to exist, happen and be performed  
2 precedent to and in the issuance of this Bond have existed, have  
3 happened and have been performed in due time, form and manner as  
4 required by law, and that the amount of this Bond, together with  
5 all other obligations of said Town, does not exceed any limit  
6 prescribed by the Constitution or statutes of the State of West  
7 Virginia, and that a sufficient amount of the revenues of the  
8 Waterworks System of said Town have been pledged to and will be  
9 set aside into said special fund by said Town for the prompt  
10 payment of the principal of and interest on this Bond.  
11

12 This Bond is given as evidence of a loan to Borrower made  
13 or insured by the Government pursuant to the Rural Development  
14 Act of 1972. This Bond shall be subject to the present regulations  
15 of the Farmers Home Administration and to its future regulations  
16 not inconsistent with the express provisions hereof.  
17

18 IN WITNESS WHEREOF, the said Town of Cedar Grove has  
19 caused this Bond to be signed by its Mayor, attested by its  
20 Recorder and its corporate seal to be impressed hereon, all as  
21 of the date first written above.  
22

23 TOWN OF CEDAR GROVE

24 (Name of Borrower)

25 \_\_\_\_\_  
26  
27 (Signature of Executive Official)

28  
29 Mayor

30 (Title of Executive Official)

31  
32 Box 536

33 (Post Office Box No. or Street Address)

34  
35 Cedar Grove, West Virginia 25039

36 (City, State and Zip Code)  
37

38 [CORPORATE SEAL]

39 ATTEST:

40 \_\_\_\_\_  
41  
42  
43 (Signature of Attesting Official)

Recorder  
(Title of Attesting Official)

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RECORD OF ADVANCES

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Date	Amount	Initialed By
(1)	\$	
(2)	\$	
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(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	
TOTAL-----		\$

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

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

1  
2  
3 ARTICLE V  
4

5 WATERWORKS REVENUES AND APPLICATION THEREOF  
6

7 Section 5.01. Waterworks Revenues and Application Thereof.  
8 So long as any of the Bonds shall be outstanding and unpaid, the  
9 Town covenants with the holder of the Bond as follows:  
10

11 A. Establishment of Waterworks Revenue Fund and Disposition  
12 of Waterworks Revenues. The entire gross revenues derived from the  
13 operation of the Waterworks System and all parts thereof shall be  
14 deposited by the Town in a special fund in a bank in the State of  
15 West Virginia which is eligible under the laws of West Virginia to  
16 receive deposits of state and municipal funds, which fund (herein  
17 called the "Revenue Fund") is hereby established. The Revenue Fund  
18 shall constitute a trust fund for the purposes provided in this  
19 Ordinance and shall be kept separate and distinct from all other  
20 funds of the Town and used only for the purposes and in the manner  
21 herein provided. All revenues at any time remaining on deposit in  
22 the Revenue Fund shall be disposed of only in the following manner  
23 and order of priority.

24 (1) First, from the moneys in the Revenue Fund,  
25 the Town shall on the first day of each month, commencing with  
26 and including the month in which interest shall last be paid  
27 from the proceeds of the Bond herein authorized, apportion and  
28 set apart out of the Revenue Fund and remit to the Municipal Bond  
29 Commission to be deposited in the "Sinking Fund" established hereby  
30 one-sixth (1/6) of the semiannual payment of interest or of principal  
31 and interest set forth in the Bond form hereinabove set forth, as  
32 required to pay the interest on the Bond and to amortize the  
33 principal of the Bond over the life of the Bond issue; provided,  
34 however, that if the time period between the month in which interest  
35 shall last be paid from the proceeds of the Bond herein authorized  
36 and the date on which the next installment of interest or of principal  
37 and interest is due is less than six months, the monthly payment  
38 shall be increased proportionately so as to provide an amount in  
39 the Sinking Fund sufficient to make said payment of interest or  
40 of principal and interest when due.

41 The Town shall also, from the Revenue Fund, remit  
42 to the Municipal Bond Commission, on such dates, or at such  
43 other times as the Municipal Bond Commission shall require,

1 such additional sums as shall be necessary to pay the fiscal  
2 agent charges due for paying the Bond and the interest  
3 thereon.  
4

5 The Municipal Bond Commission is hereby designated as  
6 the fiscal agent for the administration of the Sinking Fund created  
7 hereunder, and all amounts required for said Sinking Fund shall  
8 be remitted to the Municipal Bond Commission from said Revenue  
9 Fund and from the proceeds of the sale of the Bond, as provided in  
10 Article VI hereof, by the Town, at the times provided herein.  
11

12 Moneys in the Sinking Fund shall be used only for the  
13 purposes of paying principal of and interest on the Bond as  
14 the same shall become due.  
15

16 The Town shall next from the Revenue Fund remit to the  
17 Municipal Bond Commission for deposit in a Reserve Account in  
18 said Sinking Fund, on the first day of each month of each year,  
19 beginning with and including the month in which payments from the  
20 Revenue Fund for interest are commenced, an amount equal  
21 to twenty per centum (20%) of all amounts required to be  
22 deposited for maturing principal and interest into said  
23 Sinking Fund, as provided above, on said dates: Provided,  
24 however, that no further payments shall be made into said  
25 Reserve Account when there shall have been deposited therein,  
26 and as long as there shall remain on deposit therein, an  
27 amount equal to the maximum amount of principal and interest  
28 which will mature and become due on said Bonds in any  
29 succeeding fiscal year.  
30

31 Moneys in the Reserve Account shall be used only for  
32 the purpose of payment of maturing principal of or interest on  
33 the Bond when other moneys in the Sinking Fund are insufficient  
34 therefor and for no other purpose.  
35

36 Any withdrawals from the Reserve Account shall be  
37 subsequently restored from the first revenue available after all  
38 required payments to the Sinking Fund and Reserve Account,  
39 including any deficiencies for prior payments, have been made  
40 in full.  
41

42 The Town shall not be required to make any further  
43 payments into said Sinking Fund or into the Reserve Account in

1 said Sinking Fund when the aggregate amount of funds in both  
2 said Sinking Fund and said Reserve Account is at least  
3 equal to the aggregate principal amount of the Bond issued  
4 pursuant to this Ordinance then outstanding, plus the amount  
5 of interest due or thereafter to become due on the amount of  
6 said Bond then outstanding.  
7

8 As and when additional Bonds ranking on a parity  
9 with the Bond herein authorized are issued, provision shall be  
10 made for additional payments into said Sinking Fund sufficient  
11 to pay the interest on such additional parity Bonds and to accomplish  
12 retirement thereof at or before maturity and to accumulate a  
13 balance in the Reserve Account in said Sinking Fund in an  
14 amount equal to the maximum provided and required to be paid  
15 into the Sinking Fund in any calendar year for account of all  
16 the Bonds, including such additional Bonds which by their terms  
17 are payable from said Sinking Fund.  
18

19 The payments into the Sinking Fund shall be made on  
20 the first day of each month, except that when the first day  
21 of any month shall be a Sunday or legal holiday then such  
22 payments shall be made on the next succeeding business day,  
23 and all payments shall be remitted to said Municipal Bond  
24 Commission with appropriate instructions as to  
25 the custody, use and application thereof consistent with the  
26 provisions of this Ordinance.  
27

28 Said Sinking Fund shall be used solely and only  
29 and is hereby pledged for the purpose of servicing the Bond  
30 and any additional Bonds ranking on a parity therewith that may  
31 be issued and outstanding under the conditions and restrictions  
32 hereinafter set forth.  
33

34 (2) Thereafter, from the moneys remaining in  
35 said Revenue Fund, the Town shall next, on the first day of  
36 each month commencing with the first month in which interest  
37 shall be payable from the Revenue Fund, remit to the  
38 Municipal Bond Commission or to a bank which is eligible  
39 under the laws of West Virginia to receive deposits of state  
40 and municipal funds for deposit in a special account to be  
41 designated "Depreciation Account," which account is hereby  
42 established and created, a sum equal to ten percent (10%)  
43 of the gross revenues each month, exclusive of any payments

1 for account of the Reserve Account in the Sinking Fund. No  
2 further payments shall be required to be made into said  
3 Depreciation Account when there shall have been deposited  
4 therein, and so long as there shall remain on deposit  
5 therein, an amount equal to 5% of the principal amount of  
6 all outstanding Bonds payable from the Sinking Fund. All  
7 funds in said Depreciation Account shall be kept apart from  
8 all other municipal funds, and all or any part of said fund  
9 may be invested in bonds or other direct or fully guaranteed  
10 obligations of the United States of America maturing or being  
11 subject to retirement at the option of the holder within not  
12 more than ten years from the date of such investment.  
13 Withdrawals and disbursements may be made from said Depreciation  
14 Account for replacements, emergency repairs, additions, betterments  
15 or improvements to the Waterworks System, or debt service on  
16 obligations not on a parity with the Bond, the proceeds of  
17 which obligations were used to finance such additions,  
18 betterments or improvements.

19  
20 (3) Thereafter, from the moneys remaining in  
21 the Revenue Fund, the Town shall next pay all Operating Expenses  
22 of the Waterworks System.

23  
24 (4) If all of the above required payments are  
25 then current, the Town may use any moneys remaining in the  
26 Revenue Fund for the following purposes: (a) for prepayment of  
27 the amount, or any part thereof, of the Bond outstanding in  
28 accordance with the terms of the Bond, (b) additions, betterments  
29 or replacements to the Waterworks System which the Consulting  
30 Engineers certify are needed and/or (c) payments of principal  
31 and interest on subordinate waterworks revenue bonds which may  
32 hereafter be issued by the Town.

33  
34 The Town may, in its discretion, direct the Municipal  
35 Bond Commission to use any surplus moneys in the Sinking Fund  
36 for prepayment of the amount, or any part thereof, of the Bond  
37 outstanding in accordance with the terms of the Bond.

38  
39 All of the funds provided for above shall constitute  
40 trust funds and shall be used only for the purposes provided  
41 herein.

42  
43 (5) The moneys in excess of the sum insured

1 by the maximum amounts insured by the Federal Deposit Insurance  
2 Corporation in the Revenue Fund and in the Depreciation Account  
3 (unless remitted to the Municipal Bond Commission) shall at all  
4 times be secured, to the full extent thereof in excess of such  
5 insured sum, by direct obligations of the United States of  
6 America or such other obligations as shall be eligible as  
7 security for deposits of state and municipal funds under the  
8 laws of the State of West Virginia.  
9

10 (6) If on any monthly payment date the revenues  
11 are insufficient to place the required amount in any of the funds  
12 as hereinabove provided, the deficiency shall be made up in the  
13 subsequent payments in addition to the payments which would  
14 otherwise be required to be made into the funds on the subsequent  
15 payment dates.  
16

17 (7) Moneys in the Reserve Account shall be invested  
18 and reinvested by the Municipal Bond Commission in direct  
19 obligations of the United States of America.  
20

21 (8) All remittances made by the Town to the  
22 Municipal Bond Commission shall clearly identify the fund or  
23 account into which each amount is to be deposited.  
24

25 (9) Anything to the contrary herein notwithstanding,  
26 when the aggregate sum in the Sinking Fund, including the Reserve  
27 Account therein, is sufficient to pay and redeem all the Bonds  
28 outstanding and all interest accrued and to accrue thereon and  
29 any applicable redemption premiums, the Town shall cause all the  
30 Bonds to be paid or called and redeemed at the earliest practicable  
31 date permitted.  
32

## 33 ARTICLE VI

### 34 APPLICATION OF BOND PROCEEDS

#### 35 Section 6.01. Application of Bond Proceeds.

36  
37 From the moneys received from the sale of all of the  
38 Bond originally authorized and issued pursuant to this Ordinance,  
39 the following amounts shall be first deducted and deposited as  
40 follows:  
41  
42  
43

1 (a) The necessary amount of the proceeds of the  
2 Bond shall be used to repay to the institution through which the  
3 Town has arranged financing for the interim between the  
4 preliminary and final closings of the sale of its 1979 Bond  
5 the funds advanced by such institution to the Town  
6 to effect redemption of the 1950 Bonds.  
7

8 (b) An additional amount of the remaining proceeds  
9 which, together with any revenues available for such purpose  
10 from the operation of the Waterworks System, will be  
11 sufficient to pay the interest maturing on the Bond prior  
12 to, during and for six months after the estimated date of  
13 completion of the construction and acquisition of the Project  
14 herein authorized shall be deposited in the Sinking Fund for  
15 such purpose.  
16

17 (c) The remaining moneys derived from the sale of  
18 said Bond shall be deposited by the Town in a bank authorized to  
19 receive deposits of state and municipal funds in a special fund to  
20 be known as the "Construction Trust Fund," which is hereby created,  
21 which fund shall be kept separate and apart from all other funds  
22 of the Town, and shall be drawn out, used and applied by the Town  
23 solely for the payment of the costs of the construction and  
24 acquisition of the Project and purposes incidental thereto, and for  
25 no other purposes whatsoever; provided, however, that payment of  
26 interim financing used for such purposes shall be considered as  
27 use for such purposes. The moneys in said fund shall be secured  
28 at all times by the deposit by such bank, as security, of direct  
29 obligations of the United States of America having a fair market  
30 value at least equal to the balance in said fund in excess of the  
31 amount insured by the Federal Deposit Insurance Corporation. Any  
32 moneys not needed immediately for said purposes may, with the  
33 consent of the Consulting Engineers, be invested in direct  
34 obligations of, or obligations the payment of which is guaranteed by,  
35 the United States of America, having maturities of not more than  
36 one year. If for any reason such proceeds, or any part thereof,  
37 are not necessary for, or are not applied to, such purposes, then  
38 such unapplied proceeds, as determined by the rules and regulations  
39 of the Government, shall be deposited by the Town in the Sinking Fund  
40 established pursuant to this Ordinance, in addition to the amounts  
41 required to be deposited therein by section 5.01(A)(1) hereof, and  
42 shall be used only to retire the principal of the Bond and to pay the  
43 interest thereon as herein provided. All such proceeds shall

1 constitute a trust fund for such purposes, and there is hereby  
2 created a lien upon such moneys, until so applied, in favor of  
3 the holder of the Bond herein authorized.  
4

5 Expenditures or disbursements from said Construction  
6 Trust Fund, except for legal, fiscal and engineering expenses and  
7 expenses in connection with the issuance and sale of the Bond,  
8 shall be made only after such expenditures or disbursements shall  
9 have been approved in writing by the Consulting Engineers.

10  
11 ARTICLE VII  
12

13 ADDITIONAL COVENANTS OF THE TOWN  
14

15 Section 7.01. General Covenants of the Town. All the  
16 covenants, agreements and provisions of this Ordinance shall be  
17 and constitute valid and legally binding covenants of the Town  
18 and shall be enforceable in any court of competent jurisdiction  
19 by any holder or holders of the Bond. In addition to the other  
20 covenants, agreements and provisions of this Ordinance, the Town  
21 hereby covenants and agrees with the holder of the Bond as herein-  
22 after provided in this Article VII. All such covenants, agreements  
23 and provisions shall be irrevocable, except as provided herein,  
24 as long as the Bond or the interest thereon is outstanding and  
25 unpaid or until there shall have been set apart in the Sinking  
26 Fund and Reserve Account therein a sum sufficient to pay when  
27 due, or to prepay, the entire principal amount of the Bond remaining  
28 unpaid, together with interest accrued and to accrue thereon.  
29

30 Section 7.02. Bonds Not To Be Indebtedness of the Town.  
31 Neither the Bonds nor coupons, if any, appertaining thereto shall be or  
32 constitute an indebtedness of the Town within the meaning of any  
33 constitutional, statutory or charter limitation of indebtedness,  
34 but shall be payable solely from the revenues of the Waterworks  
35 System, as herein provided. No holder or holders of any Bonds  
36 issued hereunder, or of any coupon appertaining thereto, shall  
37 ever have the right to compel the exercise of the taxing power  
38 of the Town to pay said Bonds or the interest thereon.  
39

40 Section 7.03. Bonds Secured by Pledge of Revenues;  
41 Statutory Mortgage Lien. The payment of the debt service of  
42 all of the Bonds issued hereunder shall be secured forthwith equally  
43 and ratably by a first lien on the revenues derived from the

1 operation of said Waterworks System, as herein defined, to the  
2 extent necessary to make the payments required under Section 5.01  
3 of this Ordinance. The revenues derived from the Waterworks System,  
4 in an amount sufficient to pay the principal of and interest on  
5 the Bonds herein authorized, and to make the payments into the  
6 Sinking Fund, including the Reserve Account therein, and all  
7 other payments provided for in this Ordinance, are hereby  
8 irrevocably pledged in the manner provided in this Ordinance,  
9 to the payment of the principal of and interest on the Bonds  
10 herein authorized as the same become due, and for the other  
11 purposes provided in this Ordinance.  
12

13 For the further protection of the holder of the Bond,  
14 a statutory mortgage lien upon the Waterworks System is hereby  
15 recognized and declared to be valid and binding and shall take  
16 effect immediately upon delivery of the Bond.  
17

18 Section 7.04. Rates. Prior to the issuance of the Bond,  
19 equitable rates or charges for the use of and service rendered by the  
20 Waterworks System will be established all in the manner and form  
21 required by law, and copies of such rates and charges so established  
22 will be continuously on file in the office of the Town Recorder,  
23 each of which copies will be open to inspection by all interested  
24 parties. The schedule of rates and charges shall not be reduced and  
25 shall at all times be adequate to produce gross revenues from said  
26 Waterworks System sufficient to make the prescribed payments into  
27 the Sinking Fund, the Reserve Account and the Depreciation Account  
28 and for all other obligations, other than debt service on the  
29 Bond, payable from the revenues of the Waterworks System and to  
30 pay Operating Expenses as herein provided and to make any other  
31 payments required hereby or provided for herein. Such schedule of  
32 rates and charges shall be changed and readjusted whenever  
33 necessary so that the aggregate of the rates and charges will be  
34 sufficient for such purposes. In order to assure full and continuous  
35 performance of this covenant with a margin for contingencies and  
36 temporary unanticipated reduction in income and revenues, the Town  
37 hereby covenants and agrees that the schedule of rates or charges  
38 from time to time in effect shall be sufficient to provide for all  
39 reasonable Operating Expenses of the Waterworks System and for all  
40 other obligations other than debt service on the Bond, payable from  
41 the revenues of the Waterworks System and to leave a balance each  
42 year equal to at least 110% of the average annual debt service  
43 on the 1979 Bond outstanding.

1           Section 7.05. Completion, Operation and Maintenance.

2   The Town will expeditiously complete in accordance with the  
3   plans and specifications prepared by the Consulting Engineers,  
4   subject to permitted changes, and maintain in good condition  
5   said Waterworks System and will operate the same as a revenue-  
6   producing enterprise in an efficient and economical manner,  
7   making such expenditures for equipment and for renewal,  
8   repair and replacement as may be proper for the economical  
9   operation and maintenance thereof from the revenues of  
10  said Waterworks System in the manner provided in this  
11  Ordinance.  
12

13           Section 7.06. Sale of the Waterworks System. The  
14  Waterworks System may be sold, transferred, mortgaged, leased  
15  or otherwise disposed of or encumbered only with the written  
16  consent of the Government, and such consent will specify the  
17  disposition of any such sale or transfer.  
18

19           Section 7.07. Issuance of Other Obligations Payable out  
20 of Revenues and General Covenant Against Encumbrances. The Town  
21 shall not issue any other obligations whatsoever, except pari  
22 passu additional bonds ("Additional Bonds") provided for in  
23 Section 7.08 hereof, payable from the revenues of the Waterworks  
24 System which rank prior to, or equally, as to lien on, and source  
25 of and security for payment from, such revenues with the 1979  
26 Bond; and all obligations hereafter issued by the Town payable  
27 from the revenues of the Waterworks System, except such  
28 Additional Bonds, shall contain an express statement that  
29 such obligations are junior and subordinate, as to lien on, and  
30 source of and security for payment from, such revenues and in  
31 all other respects, to the 1979 Bond.  
32

33           The Town shall not create, or cause or permit to be  
34 created, any debt, lien, pledge, assignment, encumbrance or any  
35 other charge having priority over or being on a parity with the  
36 lien of the 1979 Bond, and the interest thereon, upon any of the  
37 income and revenues of the Waterworks System pledged for payment  
38 of the 1979 Bond and the interest thereon in this Ordinance, or  
39 upon the Waterworks System or any part thereof, except as provided  
40 in Section 7.08.  
41

42           Section 7.08. Issuance of Additional Bonds. No  
43 Additional Bonds, as in this section defined, payable out of

1 the revenues of the Waterworks System, shall be issued after the  
2 issuance of the 1979 Bond pursuant hereto, except under  
3 the conditions and in the manner herein provided.  
4

5 (A) No such Additional Bonds shall be issued without  
6 the written consent in advance of the Government. No such  
7 Additional Bonds shall be issued except for the purpose of  
8 financing the costs of the construction or acquisition of  
9 additions, betterments and improvements to the Waterworks System  
10 or refunding the 1979 Bond issued hereunder, except as provided  
11 in subsection (F) of this section.  
12

13 (B) No such Additional Bonds shall be issued at  
14 any time, however, unless and until there has been procured  
15 and filed with the Recorder a written certification by a  
16 certified public accountant not in the regular employ of the  
17 Town, based upon the necessary investigation, reciting the  
18 conclusion that the net revenues, being the balance of the  
19 gross revenues remaining after deduction only of Operating  
20 Expenses, actually derived from the Waterworks System during  
21 the Fiscal Year immediately preceding the date of the issuance  
22 of such Additional Bonds shall have been not less than one  
23 hundred twenty per centum (120%) of the average aggregate  
24 amount which will mature or become due in any succeeding  
25 Fiscal Year for principal of and interest on the 1979 Bond  
26 and on all bonds of all other outstanding series on a parity  
27 with the 1979 Bond and on the Additional Bonds then proposed  
28 to be issued. This limitation may be waived or modified by  
29 the written consent of Bondholders representing 75% of each  
30 series of the then outstanding Bonds issued pursuant hereto.  
31

32 (C) Prior to or simultaneously with the issuance  
33 of any such Additional Bonds, the Town shall have entered  
34 into written contracts for the immediate acquisition or  
35 construction of such additions, betterments or improvements  
36 to the Waterworks System which are to be financed by such  
37 Additional Bonds.  
38

39 (D) The term "Additional Bonds," as used in this  
40 section, shall be deemed to mean Additional Bonds issued under  
41 the provisions and within the limitations of this section,  
42 payable from the revenues of the Waterworks System on a parity  
43 with the 1979 Bond, and all the covenants and other provisions

1 of this Ordinance (except as to details of such Additional  
2 Bonds inconsistent herewith) shall be for the equal benefit,  
3 protection and security of the holders of any Bonds issued pursuant  
4 to this Ordinance and the holders of any Additional Bonds subsequently  
5 issued within the limitations of and in compliance with this section.  
6 All such Bonds, regardless of the time or times of their issuance,  
7 shall rank equally with respect to their lien on the revenues of the  
8 Waterworks System, and their source of and security for payment from  
9 said revenues, without preference of any Bond or coupon, if any,  
10 over any other. The Town shall comply fully with all the increased  
11 payments into the various funds created herein required for such  
12 Additional Bonds, in addition to the payments required for the Bond  
13 originally issued hereunder. Redemption of Bonds prior to maturity,  
14 in the event that the 1979 Bond and Additional Bonds hereby authorized  
15 are outstanding, shall as nearly as practical be on an equal  
16 pro rata basis reflecting the original amounts of each issue.  
17

18 (E) No Additional Bonds shall be issued at any  
19 time unless all the payments into the respective funds  
20 provided for herein on Bonds then outstanding and all other  
21 payments provided for herein shall have been made or  
22 paid up as required to the date of issuance of the Additional  
23 Bonds and the Town shall have fully complied with all the  
24 covenants, agreements and terms hereof or shall have remedied  
25 any deficiency in such compliance.  
26

27 (F) With the written consent in advance of the  
28 Original Purchaser of the 1979 Bond and of the Government, and  
29 anything to the contrary in subsections (A), (B) and (C)  
30 of this section notwithstanding, Additional Bonds may be  
31 authorized and issued by the Town pursuant to supplemental  
32 ordinance in the event that the 1979 Bond should be  
33 insufficient, together with other funds lawfully available  
34 therefor, to pay all costs of construction of the Project.  
35 Any such Additional Bonds authorized and issued under the  
36 provisions of this subsection shall be limited to the  
37 aggregate principal amount required to make up any deficiency  
38 in funds for payment of such construction costs, and  
39 the maturities of any such Additional Bonds shall be in  
40 years and amounts suggested by said Original Purchaser and  
41 the Government.  
42

43 . Section 7.09. Insurance and Bonds. The Town hereby

1 covenants and agrees that, so long as the Bond remains outstanding, it  
2 will, as an expense of operation and maintenance of the System,  
3 procure, carry and maintain insurance with a reputable insurance  
4 carrier or carriers covering the following risks and in the  
5 following amounts:  
6

7 (A) Fire, Lightning, Vandalism, Malicious  
8 Mischief and Extended Coverage Insurance, to be procured  
9 upon acceptance of any part of the Project from the contractor,  
10 on all above-ground insurable portions of the Waterworks System in an  
11 amount equal to the actual cost thereof. In the event of  
12 any damage to or destruction of any portion of the Waterworks System,  
13 the Town will promptly arrange for the application of the  
14 insurance proceeds for the repair or reconstruction of such  
15 damaged or destroyed portion. The Town will itself, or  
16 will require each contractor and subcontractor to,  
17 obtain and maintain builder's risk insurance to protect  
18 the interests of the Town during construction of the Project  
19 in the full insurable value thereof.  
20

21 (B) Public Liability Insurance, with limits of not  
22 less than \$500,000 for personal liability to protect the Town  
23 from claims for bodily injury and/or death and not less  
24 than \$200,000 from claims for damage to property of others  
25 which may arise from the operation of the Waterworks System, such  
26 insurance to be procured at the commencement of construction  
27 of the Project.  
28

29 (C) Vehicular Public Liability Insurance, in the  
30 event the Town owns or operates any vehicle in the operation  
31 of the Waterworks System, or in the event that any vehicle not owned  
32 by the Town is operated for the benefit of the Town, with  
33 limits of not less than \$500,000 for personal liability  
34 to protect the Town from claims for bodily injury and/or  
35 death and not less than \$200,000 from claims for damage  
36 to property of others which may arise from such operation  
37 of vehicles, such insurance to be procured prior to  
38 acquisition or commencement of operation of any such  
39 vehicle.  
40

41 (D) Workmen's Compensation Coverage for All Employees  
42 of the Waterworks System Eligible Therefor and Performance  
43 and Payment Bonds, such bonds to be in the amounts of 100% of the

1 construction contract, will be required of each contractor  
2 dealing directly with the Town, and such payment bonds will  
3 be filed with the Clerk of the County Commission of Kanawha  
4 County prior to commencement of construction of the Project  
5 in compliance with the West Virginia Code, Chapter 38,  
6 Article 2, Section 39.  
7

8 (E) Fidelity Bonds will be provided as to every officer  
9 and employee of the Town having custody of the Revenue Fund or of  
10 any other funds or valuable property of the Waterworks System in an  
11 amount at least equal to the total funds in the custody of any such  
12 person at any one time, and initially in the amount of \$20,000 and  
13 to be increased thereafter as necessary to cover the maximum amount  
14 of funds under control of that position at any one time.  
15

16 (F) Provided, however, and in lieu of and notwithstanding  
17 the foregoing provisions of this section, during construction  
18 of the Project and so long as the Government holds any of the  
19 Bonds, the Town will carry insurance and bonds or cause insurance  
20 and bonds to be carried for the protection of the Town, and  
21 during such construction will require each prime contractor  
22 to carry insurance, of such types and in such amounts as the  
23 Government may specify, with insurance carriers or bonding companies  
24 acceptable to the Government.  
25

26 Section 7.10. Books and Records. The Town will  
27 keep books and records of the Waterworks System, which  
28 shall be separate and apart from all other books, records  
29 and accounts of the Town, in which complete and correct  
30 entries shall be made of all transactions relating to the  
31 Waterworks System, and any holder of a Bond or Bonds issued  
32 pursuant to this Ordinance shall have the right at all  
33 reasonable times to inspect the Waterworks System and all  
34 parts thereof, and all records, accounts and data of the  
35 Town relating thereto.  
36

37 The accounting system for the Waterworks System  
38 shall follow the Uniform System of Accounts promulgated by  
39 the Public Service Commission of West Virginia. Separate  
40 control accounting records shall be maintained by the Town.  
41 Subsidiary records as may be required shall be kept in the  
42 manner, on the forms, books, and other bookkeeping records  
43 as prescribed by the Town. The Town shall prescribe and

1 institute the manner by which subsidiary records of the  
2 accounting system which may be installed remote from the  
3 direct supervision of the Town shall be reported to such  
4 agent of the Town as the Council of the Town shall direct.  
5

6 The Town shall, at least once a year, cause the  
7 books, records and accounts of the Waterworks System to be  
8 audited by an Independent Certified Public Accountant and  
9 shall mail the report of said Independent Certified Public  
10 Accountant to the Government and, upon request, to any other  
11 holder or holders of the Bonds. The Government, so long  
12 as it holds all the Bonds, may permit substitution of a  
13 copy of the annual audit report by the office of the State  
14 Tax Commissioner for the copy of an annual audit report by  
15 an Independent Certified Public Accountant.  
16

17 The Town shall retain all records, books and supporting  
18 material for a period of three years after the issuance of such  
19 audit reports and financial statements, and such material, upon  
20 request, will be made available to the Government, the Controller  
21 General of the United States of America or their representatives.  
22

23 Section 7.11. Fiscal Year; Budget. While the 1979  
24 Bond is outstanding and unpaid and to the extent not now prohibited  
25 by law, the Waterworks System shall be operated and  
26 maintained on a fiscal year basis commencing on July 1 of  
27 each year and ending on the following June 30, which period  
28 shall also constitute the budget year for the operation and  
29 maintenance of the Waterworks System. Not later than thirty  
30 days prior to the beginning of each Fiscal Year, the Town  
31 agrees to adopt the Annual Budget for the ensuing year, and  
32 no expenditures for operation and maintenance expenses of the  
33 Waterworks System in excess of the Annual Budget shall be  
34 made during such Fiscal Year unless unanimously authorized  
35 and directed by the Council. Copies of each Annual Budget  
36 shall be delivered to the Government by the beginning of  
37 each Fiscal Year.  
38

39 If for any reason the Town shall not have adopted  
40 the Annual Budget before the first day of any Fiscal Year, it  
41 shall adopt a Budget of Current Expenses from month to  
42 month until the adoption of the Annual Budget; provided,  
43 however, that no such monthly budget shall exceed the budget

1 for the corresponding month in the year next preceding  
2 by more than ten per centum (10%); and provided further, that  
3 adoption of a Budget of Current Expenses shall not constitute  
4 compliance with the covenant to adopt an Annual Budget  
5 unless the Town's failure to submit an Annual Budget shall  
6 be for a reason beyond the control of the Town. Each such  
7 Budget of Current Expenses shall be delivered and mailed  
8 immediately as in the case of the Annual Budget.

9  
10 Section 7.12. Services Rendered to the Town. The  
11 Town will not render or cause to be rendered any free services  
12 of any nature by its Waterworks System; and, in the event the  
13 Town or any department, agency, instrumentality, officer  
14 or employee of the Town shall avail itself or himself or  
15 herself of the facilities or services provided by the Waterworks  
16 System or any part thereof, the same rates, fees or charges  
17 applicable to other customers receiving like services under  
18 similar circumstances shall be charged the Town and any such  
19 department, agency, instrumentality, officer or employee. Such  
20 charges shall be paid as they accrue, and the Town shall  
21 transfer from its general funds sufficient sums to pay such  
22 charges for service to any of its departments or properties.  
23 The revenues so received shall be deemed to be revenues  
24 derived from the operation of the Waterworks System, and  
25 shall be deposited and accounted for in the same manner as  
26 other revenues derived from such operation of the Waterworks  
27 System.

28  
29 Section 7.13. Events of Default. Each of the following  
30 events is hereby declared an "Event of Default":

31  
32 (A) Failure to make payment of the principal of any  
33 of the Bonds either at the date therein specified for its  
34 payment or on the date fixed for redemption by proceedings for  
35 redemption, or otherwise;

36  
37 (B) Failure to make payment of any installment of  
38 interest due on any of the Bonds on the date specified for the  
39 payment of such interest;

40  
41 (C) Failure duly and punctually to observe or perform  
42 any of the covenants, conditions and agreements on the part of  
43 the Town contained in the Bonds or in this Ordinance, or

1 violation of or failure to observe any provision of any pertinent  
2 law, provided, that a default under any other agreement the Town  
3 has with the Government constitutes a default hereunder, and  
4 provided that any such failure or violation, excluding those  
5 covered in (A) and (B) above in this section, must continue for  
6 a period of thirty (30) days after written notice shall have been  
7 given to the Town by any Bondholder specifying such failure or  
8 violation and requiring the same to be remedied.  
9

10 Section 7.14. Enforcement. Upon the happening of any  
11 Event of Default specified above, then, and in every such case,  
12 if the Government is the holder of any of the Bonds outstanding,  
13 the Government, at its option, may:  
14

15 (A) Declare the entire principal amount of the Bonds  
16 held by it then outstanding, and any interest accrued thereon,  
17 immediately due and payable;  
18

19 (B) For the account of the Town, incur and pay  
20 reasonable expenses for repair, maintenance and operation of the  
21 Waterworks System and such other reasonable expenses as may be  
22 necessary to cure the cause of default; and/or  
23

24 (C) Take possession of the Waterworks System and  
25 repair, maintain and operate or otherwise dispose of such  
26 facilities.  
27

28 Section 7.15. Remedies and Appointment of Receiver.  
29 Any Bondholder may, by proper legal action, compel the  
30 performance of the duties of the Town under this Ordinance  
31 and the Act, including the making and collection of sufficient  
32 rates and charges for services rendered by the Waterworks  
33 System, and segregation of the revenues therefrom and the  
34 application thereof. Upon the happening of an Event of Default,  
35 any Bondholder shall, in addition to all other remedies  
36 or rights, have the right by appropriate legal proceedings  
37 to obtain the appointment of a receiver to administer the  
38 Waterworks System on behalf of the Town, with power to charge  
39 rates, rentals, fees and other charges sufficient to provide  
40 for the payment of the Bonds and the interest thereon,  
41 the deposits into the funds and accounts hereby established  
42 as herein provided, and the payment of Operating Expenses  
43 of the Waterworks System, and to apply such rates, rentals,

1 fees, charges or other revenues in conformity with the  
2 provisions of this Ordinance and the Act.  
3

4 The receiver so appointed shall forthwith, directly  
5 or by his agents and attorneys, enter into and upon and take  
6 possession of all facilities of said Waterworks System and  
7 shall hold, operate and maintain, manage and control such  
8 facilities, and each and every part thereof, and in the name  
9 of the Town exercise all the rights and powers of the Town  
10 with respect to said facilities.  
11

12 Whenever all that is due upon the Bonds issued  
13 pursuant to this Ordinance, and interest thereon, and under  
14 any covenants of this Ordinance for reserve, sinking or other  
15 funds, and upon any other obligations having a charge,  
16 lien or encumbrance upon the revenues of the Waterworks System,  
17 and interest thereon, shall have been paid and made good, and  
18 all defaults under the provisions of this Ordinance shall  
19 have been cured and made good, possession of the Waterworks  
20 System shall be surrendered to the Town upon the entry of  
21 an order of the court to that effect. Upon any subsequent Event  
22 of Default, any holder of Bonds issued pursuant to this Ordinance  
23 shall have the same right to secure the further appointment  
24 of a receiver upon any such subsequent default.  
25

26 Such receiver, in the performance of the powers  
27 hereinabove conferred upon him or her, shall be under the direction  
28 and supervision of the court making such appointment, shall  
29 at all times be subject to the orders and decrees of such  
30 court and may be removed thereby and a successor receiver  
31 appointed in the discretion of such court. Nothing herein  
32 contained shall limit or restrict the jurisdiction of such  
33 court to enter such other and further orders and decrees as  
34 such court may deem necessary or appropriate for the exercise  
35 by the receiver of any function not specifically set forth  
36 herein.  
37

38 Any receiver appointed as provided herein shall hold  
39 and operate the Waterworks System in the name of the Town and  
40 for the joint protection and benefit of the Town and holders  
41 of Bonds issued pursuant to this Ordinance. Such receiver  
42 shall have no power to sell, assign, mortgage or otherwise  
43 dispose of any assets of any kind or character belonging or

1 pertaining to the Waterworks System, but the authority of  
2 such receiver shall be limited to the possession, operation  
3 and maintenance of the Waterworks System, for the sole purpose  
4 of the protection of both the Town and Bondholders, and  
5 the curing and making good of any default under the provisions  
6 of this Ordinance, and the title to and ownership of said  
7 Waterworks System shall remain in the Town, and no court  
8 shall have any jurisdiction to enter any order or decree  
9 permitting or requiring such receiver to sell, mortgage  
10 or otherwise dispose of any assets of the Waterworks System.  
11

12           Section 7.16. Enforcement of Collections. The Town  
13 will diligently enforce and collect all fees, rentals or other  
14 charges for the services and facilities of the Waterworks  
15 System, and take all steps, actions and proceedings for the  
16 enforcement and collection of such fees, rentals or other  
17 charges which shall become delinquent to the full extent  
18 permitted or authorized by the laws of the State of West  
19 Virginia.  
20

21           The Town further covenants and agrees that it will,  
22 to the full extent permitted by law, and the rules and regulations  
23 promulgated by the Public Service Commission of West Virginia,  
24 discontinue and shut off the services and facilities of the  
25 Waterworks System for nonpayment of the fees, rentals or other  
26 charges for the services and facilities of the Waterworks  
27 System, and will not restore such services until all delinquent  
28 charges for the services and facilities of all parts of the  
29 Waterworks System, plus reasonable penalties and charges for the  
30 restoration of service, have been fully paid.  
31

32           Section 7.17. No Competing Franchise. The Town will  
33 not grant or cause, consent to or allow the granting of any  
34 franchise or permit to any person, firm, corporation or body,  
35 or agency or instrumentality whatsoever for the providing of  
36 any services which would compete with services provided by  
37 the Waterworks System.  
38

39           Section 7.18. Consulting Engineer. The Town will  
40 retain recognized, qualified independent Consulting Engineers  
41 on an annual basis to supervise generally the operation,  
42 maintenance and renewal of the Waterworks System, and to report  
43 annually to the Town in writing their recommendations and

1 comments as to the Waterworks System. Such annual report  
2 of the Consulting Engineers, or a summary thereof, shall be  
3 made available at reasonable times to any Bondholder  
4 requesting the same.  
5

6 Section 7.19. Initial Schedule of Rates. The rates,  
7 fees and other charges for the use of the services of the  
8 Waterworks System established under an ordinance of the Town  
9 enacted on or before the date of the adoption of a resolution  
10 or ordinance adopted in connection with the sale of the Bond,  
11 as provided herein, shall constitute the initial schedule  
12 of minimum rates or charges for said Waterworks System for  
13 purposes of this Ordinance.  
14

15 ARTICLE VIII

16 MISCELLANEOUS

17  
18  
19 Section 8.01. Modification or Amendment. No material  
20 modification or amendment of this Ordinance or of any ordinance  
21 or resolution amendatory hereof or supplemental hereto shall  
22 be made without the consent in writing of the holders of  
23 two-thirds or more in principal amount of the Bonds then  
24 outstanding; provided, however, that no change shall be  
25 made in the maturity of any Bond or Bonds or the rate of  
26 interest thereon, or in the principal amount thereof, or  
27 affecting the unconditional promise of the Town to pay such  
28 principal of and interest on the Bonds as the same shall  
29 become due out of the revenues of the Waterworks System  
30 without the consent of the holder of such Bonds. Notwithstanding  
31 the above, no amendment or modification shall be made  
32 which would reduce the percentage of the principal amount  
33 of Bonds required for consent to the above permitted  
34 amendments or modifications, or for consent of 75% of the  
35 holders of each series of Bonds outstanding to waiver or  
36 modification of the limitation upon issuance of Additional  
37 Bonds contained in Section 7.08.  
38

39 Section 8.02. Severability of Invalid Provisions.  
40 If any section, paragraph, clause or provision of this  
41 Ordinance shall be held invalid, such invalidity shall not  
42 affect any of the remaining provisions of this Ordinance.  
43

1           Section 8.03. Table of Contents and Headings. The  
2 Table of Contents and headings of the articles, sections and  
3 subsections hereof are for convenience only and shall  
4 neither control nor affect in any way the meaning or  
5 construction of any of the provisions hereof.  
6

7           Section 8.04. Publication of Ordinance. The Town  
8 Recorder is hereby authorized and directed to publish an abstract  
9 of this Ordinance as a Class II legal advertisement in  
10 compliance with the Act and Chapter 59, Article 3 of the  
11 Code of West Virginia, 1931, as amended, in The Charleston Gazette,  
12 a newspaper of general circulation in the Town, with  
13 such notice stating that this Ordinance has been adopted, that  
14 the Town contemplates the issuance of the Bond described in the  
15 Ordinance and that any person interested may appear before the  
16 Council on a date, and at a time and place, as provided in said  
17 notice, the date's being not less than ten (10) days after  
18 the last publication of said abstract and notice, at which time and  
19 place all parties and interests may appear before the Council and  
20 present protests and may be heard as to whether or not this Ordinance  
21 shall be put into effect; and said notice shall also provide that  
22 a certified copy of this Ordinance shall be on file in the  
23 office of the Town Recorder for review by interested persons  
24 during the regular office hours of such office. The abstract  
25 of this Ordinance shall be reviewed by Council prior to  
26 the publication thereof so that Council may determine that  
27 such abstract contains sufficient information as to give  
28 notice as to the contents of this Ordinance.  
29

30           Section 8.05. Award and Delivery of Bond No. R-1.  
31 The Mayor and the Recorder of the Town are hereby authorized  
32 and directed to cause Bond No. R-1, representing all the 1979  
33 Bond issue, hereby awarded to the Government pursuant to  
34 agreement, to be delivered to the Government as soon as the  
35 Government will accept such delivery and pay for Bond No.  
36 R-1.  
37

38           Section 8.06. Repeal of Conflicting Ordinances.  
39 All ordinances, resolutions and orders, or parts thereof,  
40 in conflict with this Ordinance are to the extent of such  
41 conflict repealed; provided, however, that any loan  
42 resolution, or part thereof, adopted by the Town on Form  
43 FMHA 442-47 shall not be repealed hereby.

1           Section 8.07. Covenant of Due Procedure, Etc.

2   The Town covenants that all acts, conditions, things and  
3   procedures required to exist, to happen, to be performed or  
4   to be taken precedent to and in the final enactment and  
5   passage of this Ordinance do exist, have happened, have  
6   been performed and have been taken in regular and due time,  
7   form and manner as required by and in full compliance with  
8   the laws and Constitution of the State of West Virginia  
9   applicable thereto; and that the Mayor, the Town Recorder  
10   and members of Council of the Town were at all times when  
11   any actions in connection with this Ordinance occurred,  
12   and are, duly in office and duly qualified for such office.

13  
14           Section 8.08. Defeasance. If the Town shall pay  
15   or cause to be paid, or there shall otherwise be paid, to the  
16   holders of all Bonds and coupons, if any, the principal of  
17   and interest due or to become due thereon, at the times and  
18   in the manner stipulated therein and in this Ordinance, then  
19   the pledge of any revenues, and other moneys and securities  
20   pledged under the Ordinance, and all covenants, agreements and  
21   other obligations of the Town to the Bondholders shall  
22   thereupon cease, terminate and become void and be discharged  
23   and satisfied.

24  
25           Bonds or coupons or interest installments for the  
26   payment of which either moneys in an amount which shall be  
27   sufficient, or securities the principal of and the interest  
28   on which, when due, will provide moneys which, together with  
29   the moneys, if any, deposited with the Municipal Bond Commission  
30   at the same or earlier time, shall be sufficient, to pay as and  
31   when due the principal of and interest on such Bonds shall  
32   be deemed to have been paid within the meaning and with the  
33   effect expressed in the first paragraph of this section.  
34   All Bonds and all coupons, if any, appertaining to such  
35   Bonds shall prior to the maturity thereof be deemed to have  
36   been paid within the meaning and with the effect expressed  
37   in the first paragraph of this section if there shall have  
38   been deposited with the Municipal Bond Commission either  
39   moneys in an amount which shall be sufficient, or securities  
40   the principal of and the interest on which, when due, will  
41   provide moneys which, together with the moneys, if any,  
42   deposited with the Municipal Bond Commission at the same  
43   time, shall be sufficient, to pay when due the principal of

1 and interest due and to become due on said Bonds on and  
2 prior to the maturity dates thereof, as the case may be.  
3 Neither securities nor moneys deposited with the Municipal  
4 Bond Commission pursuant to this section nor principal or  
5 interest payments on any such securities shall be withdrawn  
6 or used for any purpose other than, and shall be held in  
7 trust for, the payment of the principal of and interest on  
8 said Bonds; provided, that any cash received from such  
9 principal or interest payments on such securities deposited  
10 with the Municipal Bond Commission, if not then needed for  
11 such purpose, shall, to the extent practicable, be reinvested  
12 in securities maturing at times and in amounts sufficient  
13 to pay when due the principal of and interest to become due  
14 on said Bonds on and prior to such maturity dates thereof,  
15 as the case may be, and interest earned from such reinvestments  
16 shall be paid over to the Town, as received by the Municipal  
17 Bond Commission, free and clear of any trust, lien or pledge.  
18 For the purpose of this section, securities shall mean and  
19 include only obligations of, or obligations guaranteed by,  
20 the United States of America.

21  
22 Section 8.09. Restrictions as to Arbitrage. The  
23 Town shall not permit at any time or times any of the proceeds  
24 of the Bond or any other funds of the Town to be used directly  
25 or indirectly to acquire any securities or obligations the  
26 acquisition of which would cause the Bond to be an "arbitrage  
27 bond" as defined in Section 103(c) of the Internal Revenue  
28 Code. The Fiscal Agent is hereby expressly instructed not  
29 to violate the operating rules in the regulations of the  
30 Internal Revenue Service or of the Treasury Department of  
31 the United States of America in connection with the provisions  
32 of such section in investing the proceeds of the Bond or  
33 such other funds.

34  
35 The Town shall not draw from the institution through  
36 which it has arranged financing for the interim between the  
37 preliminary and final closing of the sale of its 1979 Bond  
38 that portion of the loan obligation to be used for refunding  
39 its 1950 Bonds until one week prior to the Redemption Date,  
40 and the funds withdrawn on that date for the purpose of  
41 refunding the 1950 Bonds shall be immediately deposited  
42 with the Municipal Bond Commission, which shall on the Redemption  
43 Date call the 1950 Bonds for redemption prior to maturity,

1 as hereinbefore set forth.  
2

3 Section 8.10. Temporary Financing of Redemption of 1950  
4 Bonds. There is hereby authorized to be included in, and as a  
5 part of, the obligation of the Town issued to an interim lender to  
6 evidence financing obtained for the interim between the  
7 preliminary and final closing of the sale of its 1979 Bond, the  
8 amount required to effect the redemption of the 1950 Bonds  
9 which is provided for in the Ordinance. All payments which  
10 are required to be made on the part of such obligation used to  
11 redeem the 1950 Bonds between the said preliminary and final  
12 closings shall be paid from the revenues derived from the operation  
13 of the Waterworks System during such period, and, as in Section 6.01  
14 of this Ordinance provided, upon the sale of the Bond, such part  
15 of said obligation shall be paid from the proceeds derived from  
16 the sale of the Bond.  
17

18 Section 8.11. Effective Date. This Ordinance shall  
19 take effect after passage, public hearing and otherwise in  
20 the manner prescribed by law.  
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Exhibit A

NARRATIVE REPORT

TOWN OF CEDAR GROVE

WATER SYSTEM IMPROVEMENTS

A. Area To Be Served

The Town of Cedar Grove is located 18 miles east of Charleston, the State Capitol. It is situated on the north bank of the Kanawha River, along U. S. Route 60 in Kanawha County, West Virginia.

The Cedar Grove Water System, in addition to supplying water to the residents in the Town, provides potable water to the adjacent Town of Glasgow and the Town of East Bank lying across the river. The population in the three Towns has remained stable in contrast to a population decline in the State. The three Towns are located in the heart of the coal mining area of Kanawha County and have an excellent potential for growth.

The number of customers in each of the three Towns are as follows:

Cedar Grove	522
East Bank	402
Glasgow	<u>290</u>
Total	1,214

B. Proposed Facilities and Services

1. The project proposes to upgrade and expand the existing water treatment facilities to produce 375,000 gpd of potable water in 7.5 hours. These facilities when completed will meet the quality criteria which are equal to or better than the minimum standards established by the West Virginia State Department of Health. An additional half acre parcel of land has been acquired adjacent to the present plant site to accommodate the filter back wash and sludge decanting basin.

2. A new 200,000 gallon water storage tank will be constructed adjacent to the two (2) existing 100,000 gallon tanks. This will give adequate storage capacity.

3. It is proposed to reinforce the distribution system by the installation of several thousand feet of 6" water lines. Also several valves will be replaced and new valves installed for properly provided adequate fire protection service.

C. Conclusions

The eastern section of Kanawha County which includes the communities of Glasgow, East Bank, Cedar Grove, Chelyan, Mammoth, Shrewsburg, Riverside, Cabin Creek, etc., have had inadequate public water service for several years. The proposed Regional Water Treatment Plant at Cedar Grove will fulfill a much needed requirement and may in the future become the source of potable water supply for the entire area.

Exhibit B

TOWN OF CEDAR GROVE, WEST VIRGINIA

Water Works Revenue Bonds  
Dated October 1, 1950

NOTICE OF REFUNDING AND REDEMPTION

TO ALL HOLDERS OF THE ABOVE-CAPTIONED BONDS:

You are hereby notified that all the outstanding Water Works Revenue Bonds of the Town of Cedar Grove, West Virginia, dated October 1, 1950, being bonds numbered 90 to 115, inclusive (the "Bonds"), will be refunded one week before the next interest payment date thereof and are hereby called for redemption on said next interest payment date thereof, being October 1, 1979. In accordance with the ordinance authorizing the Bonds, the terms for such redemption are the par value thereof and the accrued interest thereon, plus a premium of three per cent (3%) of the par value thereof. Payment shall be made at the office of the Municipal Bond Commission of West Virginia (State Sinking Fund Commission) in Charleston, West Virginia. After the redemption date specified above, the Bonds shall be deemed to be paid in accordance with the provisions of the ordinance authorizing the issuance of the Bonds, and all the covenants, agreements and other obligations of the Town to the holders of the Bonds shall cease, terminate and become void and be discharged and satisfied.

TOWN OF CEDAR GROVE, WEST VIRGINIA

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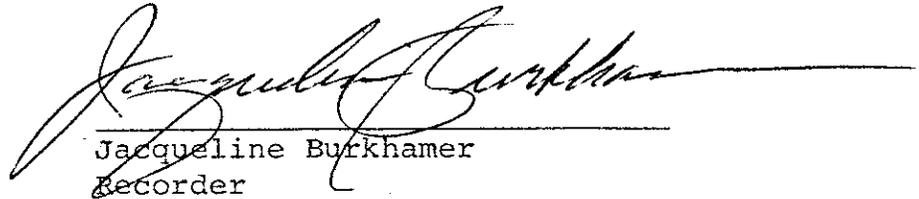
Mayor

Dated: August 15, 1979

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned Jacqueline Burkhamer, as Recorder of the Town of Cedar Grove, West Virginia, hereby certify that the foregoing document is a true and accurate copy of an official record of the Town of Cedar Grove, such record's being in my custody as Recorder and maintained at the Cedar Grove Town Hall on Williams Street, Cedar Grove, Kanawha County, West Virginia.

WITNESS my signature and the official seal of the Town of Cedar Grove, West Virginia, this 16th day of July, 1979.

  
Jacqueline Burkhamer  
Recorder

(SEAL)

R-1



STATE OF WEST VIRGINIA  
COUNTY OF KANAWHA  
TOWN OF CEDAR GROVE  
WATERWORKS REVENUE BOND, SERIES 1979

\$535,000

Date: April 1, 1981

FOR VALUE RECEIVED, the TOWN OF CEDAR GROVE, WEST VIRGINIA (herein called the "Borrower"), promises to pay to the order of the United States of America, Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Five Hundred Thirty-Five Thousand Dollars (\$535,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum.

The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only semiannually for the first two years after the date hereof, beginning six months after the date hereof, and \$15,794, covering principal and interest, semiannually thereafter, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond and shall be in the sum of the unpaid principal and interest on the date of such payment, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of closing, the loan shall be advanced to Borrower as approved by the Government, and, in lieu of the semiannual installments stated above, interest and principal shall be paid on the amount of each advance from its actual date as shown on the Record of Advances contained herein.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective

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

This Bond is issued to refund waterworks revenue bonds of the Borrower outstanding on the date of redemption in the principal amount of \$26,000, with the proceeds in excess of those to be used for such purpose to be used to finance the cost of construction and acquisition of additions, betterments and improvements to the waterworks system (herein called the "Waterworks System") of the Borrower under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended, and an ordinance duly passed by the Council of the Borrower on the 18th day of June, 1979 (herein called 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 Bond under the Ordinance.

The Bond is payable only from and secured by the revenues to be derived from the operation of the Waterworks System of the Borrower, which revenues shall be sufficient to pay the principal of, and interest on, all bonds which may be issued for the construction, acquisition, improvement, extension or betterment of such Waterworks System as and when the same become due and payable, 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 Borrower within the meaning of any constitutional or statutory provisions or limitations, nor shall the Borrower be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of said Waterworks System. The Borrower in said Ordinance has covenanted and agreed to establish such rates and charges for the use of and services rendered by said Waterworks System, and to change and readjust the same from time to time whenever necessary, as will always provide

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 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 Borrower, 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 Waterworks System of the Borrower have been pledged to and will be set aside into the special fund provided by the Borrower for the prompt payment of the principal of and interest on this Bond.

This Bond is given as evidence of a loan to the Borrower made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, the said Town of Cedar Grove, West Virginia, has caused this Bond to be signed by its Mayor, attested by its Recorder and its corporate seal to be impressed hereon, all as of the date first written above.

TOWN OF CEDAR GROVE, WEST VIRGINIA  
 (Name of Borrower)

**SPECIAL**

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

Mayor  
 (Title of Executive Official)

Box 536  
 (Post Office Box No. or Street Address)

Cedar Grove, West Virginia 25039  
 (City, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

RECORD OF ADVANCES

Date	Amount	Initialed By
(1) April 1, 1981	\$ 535,000	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	

**RESERVED**

TOTAL-----\$ 535,000

Pay to the Order of \_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

BY \_\_\_\_\_

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

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARMERS HOME ADMINISTRATION

BOND REGISTRATION BOOK

Town of Cedar Grove, West Virginia  
(Name of Issuer)

Town of Cedar Grove Waterworks Revenue Bond, Series 1979  
(Name of Series)

AMOUNT ISSUED: \$ 535,000 DATE OF ISSUE: April 1, 1981 DENOMINATION: \$

R-1  
BOND NUMBERED ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

Line No.	Bond Numbers	Name and Address of Registered Owner	Date of Registration	Maturity Date	Payment Prior to Maturity and Date Thereof	Date of Cancellation By Reason of Payment
1	R-1	Farmers Home Administration, United States Department of Agriculture National Finance Office St. Louis, Missouri 63103	April 1, 1981	April 1, 2021		

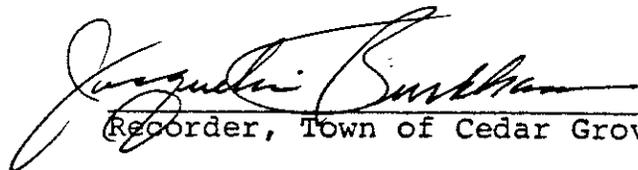
TOWN OF CEDAR GROVE, WEST VIRGINIA

\$535,000 Waterworks Revenue Bond, Series 1979

REGISTRATION OF BOND NO. R-1

I, Jacqueline Burkhamer, Recorder of the Town of Cedar Grove and Registrar for the above-captioned bond issue, hereby certify that on the 1st day of April, 1981, a single, fully registered Bond of said Town, in the aggregate principal amount of \$535,000, designated "Town of Cedar Grove Waterworks Revenue Bond, Series 1979," numbered R-1, dated on the date hereof, was registered as to principal and interest in the name of the "United States of America, Farmers Home Administration" in the books kept at the offices of the Town by me, as Registrar for such bond issue.

WITNESS my signature on this 1st day of April,  
1981.

  
Recorder, Town of Cedar Grove