THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

Closing: September 2, 1994

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TRANSCRIPT OF PROCEEDINGS

I. Authorizing Documents

		INDEX
1.1	Certified copy of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended.	1
1.2	Copy of the Charter of The Town of Cedar Grove, West Virginia (the "Town").	2
1.3	Resolution adopted by the Council of the Town (the "Council") on September 14, 1993, promulgating rules and regulations in compliance with Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended.	3
1.4	Oaths of office of Mayor, Recorder, Council Members and Sanitary Board Members.	4
1.5	Ordinance creating Sanitary Board enacted by Council on September 28, 1993.	5
1.6	Rate Ordinance enacted June 22, 1993.	6
1.7	Minutes of Sanitary Board meeting held October 22, 1993, regarding resolution with respect to rules of procedure for the Sanitary Board, passage of resolution authorizing Petition.	7
1.8	Sanitary Board Petition dated October 19, 1993.	8
1.9	Bond Ordinance (the "Ordinance") passed by the Council on June 28, 1994.	9
1.10	Minutes of meeting held by Council on June 28, 1994 regarding second reading and passage of Bond Ordinance, and passage of Resolution with respect to abstract and public hearing.	10
1.11	Resolution adopted by Council on June 28, 1994, authorizing publication of an abstract and notice of the Ordinance.	11

1.12	Minutes of the July 12, 1994, July 26, 1994, August 9, 1994 and September 1, 1994 respectively, meeting of Council wherein the Resolution putting the Ordinance into effect was adopted and the Supplemental Resolutions were approved.	12
1.13	Affidavit of publication of the abstract and notice of the Ordinance published in The Charleston Gazette and Charleston Daily Mail.	13
1.14	West Virginia Water Development Authority (the "WDA") Loan Agreement, dated September 2, 1994.	14
1.15	(a) Supplemental Resolution, dated July 26, 1994, authorizing sale of the above-referenced Bonds.	
	(b) Second Supplemental Resolution, dated August 9, 1994 designating a new bond registrar.	
	(c) Third Supplemental Resolution, dated September 1, 1994 amending the size of the bond issue.	15
1.16	Copy of the Public Service Commission Final Order granting the Town a Certificate of Convenience and Necessity dated November 9, 1993.	16
1.17	EPA Grant Agreement with Part B Approval.	17
1.18	Evidence of Small Cities Block Grant.	18
1.19	Evidence of Kanawha County Commission Grant.	19

II. Certificates and Receipts

2.1	General Certificate signed by the Mayor, Recorder and Attorney of the Town.	20
2.2	Certificate of Recorder as to Truth and Accuracy of Documents Delivered.	21
2.3	(a) Certificate as to Non-Arbitrage.	
	(b) IRS Form 8038-G.	22

2.4	Certificate of Consulting Engineer.	23
2.5	Certificate of Accountant as to Coverage.	24
2.6	Registrar's Agreement.	25
2.7	Acceptance of Duties of Depository Bank.	26
2.8	Request and Authorization as to Authentication and Delivery of the Bonds.	27
2.9	Certificate of Registration of Bonds.	28
2.10	Receipt for Bonds.	29
2.11	Receipt for Bond Proceeds.	30
2.12	NPDES Permit (cover page).	31
2.13	Municipal Bond Commission New Issue Form.	32
2.14	Disbursement Request Form.	33
2.15	Service Agreement between the Town and the Chelyan Public Service District.	34

III. Opinions

3.1	Opinion of Jackson & Kelly, Bond Counsel, regarding Bonds dated September 2, 1994.	35
3.2	Opinion of Counsel to Town, dated September 2, 1994.	36

The closing of the sale of $222,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1994, dated September 2, 1994, of The Town of Cedar Grove, West Virginia to the West Virginia Water Development Authority will take place at the offices of the West Virginia Water Development Authority, Dunbar, West Virginia, at 9:00 A.M., prevailing time, on September 2, 1994. No document shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered.

ABB041DE

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13 OF THE WEST VIRGINIA CODE AND CHAPTER 16, ARTICLE 13 OF THE 1994 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia, on this

Nineteenth *day of*

August *19* **94**

Ken Hechler

Secretary of State

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

Sec.
16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.
16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.
16-13-4. Payment of preliminary expenses of surveys, etc.
16-13-5. Ordinance necessary before acquisition or construction of works.
16-13-6. Publication and hearing upon ordinance.
16-13-7. Acquisition by condemnation or purchase.
16-13-8. Cost of works.
16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.
16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.
16-13-11. Additional bonds to extend or improve works.
16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.
16-13-13. Application of revenue from bonds; lien.
16-13-14. Securing bonds by trust indenture.
Sec.
16-13-15. Sinking fund; transfer of balance of net revenues.
16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.
16-13-17. Municipality subject to established rates.
16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.
16-13-18a. Publication of financial statement.
16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.
16-13-20. Discharge of lien on property acquired.
16-13-21. Action on certificates or attached coupons; receivers.
16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.
16-13-22a. Grants, loans and advances.
16-13-22b. Contracts for abatement of pollution.
16-13-22c. Refunding bonds.
16-13-22d. Subordination of bonds.
16-13-22e. Operating contract.
16-13-22f. Exemption of bonds from taxation.
16-13-22g. Covenants with bondholders.
16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.
16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.
16-13-24. Article to be construed liberally.

Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

Constitutionality. — See Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); Stevenson v. City of Bluefield, 39 F. Supp. 462 (S.D.W. Va. 1941); West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Obligations incurred by a city under the authority of this article permitting the issuance of revenue bonds for the construction of sewers are not to be deemed "debts" within the constitutional inhibition. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Legislative intent to protect municipalities from general obligations. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated for the building or acquisition of the

system. Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

No conflict with statutory limitations on expenditure of tax funds. — There is no conflict between this article, authorizing a city to incur expenses which are to be payable solely from the proceeds of revenue bonds, and the general statutory limitations on the expenditure of money and incurring of obligations with respect to funds produced by tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Limitation imposed by article read into agreement with federal works administrator. — Where a city made an agreement with the federal works administrator under the War Mobilization and Reconversion Act of 1944 with regard to advances of money to the city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, the limitation imposed by this article would be read into the agreement, since the parties are presumed to know the extent of the city's authority to make a binding contract. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Municipality may not compel nonresidents to connect with a municipal sewer extended without its corporate limits. 48 Op. Att'y Gen. 19 (1958).

Ordinance held valid. — An ordinance of a municipal corporation, creating a sanitary board and authorizing such sanitary board to enter into contracts for the construction of a sewage system, was within the police power of the State delegated to municipalities by this chapter. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

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§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b [§ 8-20-1b], article twenty, chapter eight of this code, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within the area extending twenty miles beyond the corporate limits of such municipality: Provided, That such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided

under the authority of this article. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132; 1986, c. 118.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-2, 16-13-16, 24-1-1, 24-2-1, and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Use of territory in adjoining state authorized. — By this section and § 16-13-22 the legislature intended, insofar as it could, to confer upon such municipalities as might find its exercise convenient, the right to make necessary and appropriate arrangements for the disposal of their sewage, even where that course involved the use of territory in an adjoining state. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943).

§ 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.

The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby, shall be under the supervision and control of a sanitary board appointed by the governing body as set forth in section eighteen [§ 16-13-18] of this article. The term "works" as used in this article shall be construed to mean and include a works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof. The term "municipality" as used in this article shall be construed to mean any municipal corporation, incorporated city, town, village or sanitary district in the State of West Virginia. The term "governing body" as used in this article shall be construed to mean the mayor and council or other legally constituted governing body of any municipality. The term "board" when hereinafter used in this article shall be construed to mean the sanitary board as set up in section eighteen of this article. (1933, Ex. Sess., c. 25, § 2.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-1, 16-13-16, 24-1-1, 24-2-1 and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.

The board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this article: Provided, That any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as hereinafter provided

for, shall be approved by the governing body of such municipality before the same shall be effective. The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board shall direct. All such compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of five thousand dollars, shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the board to reject any or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may deem expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient for the successful operation thereof. The sanitary board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for such expenses. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article. (1933, Ex. Sess., c. 25, § 3; 1989, c. 133.)

Effect of amendment of 1989. — The amendment substituted "five thousand" for "one thousand" in the fourth sentence; and added the present sixth sentence.

Contractor is not entitled to governmental immunities of municipality. — A contractor under contract with the sanitary board of a municipality for construction of a sewage treatment and disposal system is not entitled to the governmental immunities of the municipality incident to the construction project. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

And is liable on contract with third party. — Where a contract between a municipal sanitary board and a contractor, providing for the construction of a sanitary sewage system, provides inter alia that "existing surface, overhead or subsurface structures damaged or destroyed by reason of the contractor's operations shall be promptly repaired or replaced in a satisfactory manner at the cost and expense of the contractor," and the contractor by job order requests enters into a contract with an existing water company to remove certain of the latter's water pipes which interfere with the construction of the sewage system, the contractor, in a notice of motion for judgment proceeding instituted by the water company, is liable for the expense so incurred. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-4. Payment of preliminary expenses of surveys, etc.

All necessary preliminary expenses actually incurred by the board of any municipality in the making of surveys, estimates of costs and of revenue, employment of engineers or other employees, the giving of notices, taking of options and all other expenses of whatsoever nature, necessary to be paid prior to the issue and delivery of the revenue bonds pursuant to the provisions of this article, may be met and paid in the following manner. Said board may from time to time certify such items of expense to the clerk or recorder of said municipality, directing him to pay the several amounts thereof, and thereupon said clerk or recorder shall at once draw a warrant or warrants upon the treasurer of said municipality, which warrant or warrants shall be paid out of the general funds of said municipality not otherwise appropriated, without a special appropriation being made therefor by the governing body; or, in case there are no general funds of such municipality not otherwise appropriated, the clerk or recorder shall recommend to the governing body the temporary transfer from other funds of such municipality of a sufficient amount to meet such items of expense, or the making of a temporary loan for such purpose, and such governing body shall thereupon at once make such transfer of funds, or authorize such temporary loan in the same manner that other temporary loans are made by such municipality: Provided, however, That the fund or funds of such municipality from which such payments are made shall be fully reimbursed and repaid by said board out of the first proceeds of the sale of revenue bonds hereinafter provided for, and before any other disbursements are made therefrom, and the amount so advanced to pay such preliminary expenses, shall be a first charge against the proceeds resulting from the sale of such revenue bonds until the same has been repaid as herein provided. (1933, Ex. Sess., c. 25, § 4.)

A municipality is authorized to incur obligations for the purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from the proceeds of revenue bonds, and not in any way from tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

And may obtain advances by any procedure it may see fit to adopt. — Money used in preliminary engineering work prior to actually beginning construction of a sewage disposal system need not be handled by the sanitary board in accordance with the provisions of §§ 16-13-1, 16-13-18 and this section. The sanitary board is an agency of the city. This article merely requires that the construction and maintenance of the project be under the supervision and control of the sanitary board. A method is provided whereby the sanitary board may meet its own necessary preliminary expenses; but the city, in the early stages of the project, during that period in which the city has not even decided to go ahead with the work, and when there is no sanitary board in existence, is not prevented by any provision in the article from obtaining advances for plan preparation by any procedure which it may see fit to adopt. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

United States entitled to recover advances made by federal works agency. — The United States was held entitled to recover from a city the amount of three advances of money made to the city by the federal works agency for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, and the city sanitary board was ordered to issue a requisition to the trustees, into whose hands proceeds of future bond issues came, to repay such advances out of any funds in its hands comprising proceeds of revenue bond issues. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-5. Ordinance necessary before acquisition or construction of works.

Before any municipality shall construct or acquire any works under this article, the governing body shall upon petition of the board, enact an ordinance or ordinances which shall: (a) Set forth a brief and general description of the works and, if the same are to be constructed, a reference to the preliminary report which shall heretofore have been prepared and filed by an engineer chosen by the board as aforesaid; (b) set forth the cost thereof estimated by the engineer chosen as aforesaid; (c) order the construction or acquisition of such works; (d) direct that revenue bonds of the municipality shall be issued pursuant to this article in such an amount as may be found necessary to pay the cost of the works; and (e) contain such other provisions as may be necessary in the premises. (1933, Ex. Sess., c. 25, § 5.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-6. Publication and hearing upon ordinance.

After such ordinance shall have been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The notice shall state that said ordinance has been adopted, and that the municipality contemplates the issuance of the bonds described in the ordinance, and that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the first date of publication of such abstract and notice which shall not be prior to the last date of publication of such abstract and notice, and present protests. At such hearing all objections and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, however, That if at such a hearing written protest is filed by thirty percent or more of the owners of real estate situate in said municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of the said governing body assent thereto. (1933, Ex. Sess., c. 25, § 6; 1967, c. 105; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-7. Acquisition by condemnation or purchase.

Every such municipality shall have power to condemn any such works to be acquired and any land, rights, easements, franchises and other property, real or personal, deemed necessary or convenient for the construction of any such works, or for extensions, improvements, or additions thereto, and in connection therewith may have and exercise all the rights, powers and privileges of eminent domain granted to municipal corporations under the laws relating

thereto. Title to property condemned shall be taken in the name of the municipality. Proceedings for such appropriation of property shall be under and pursuant to the provisions of chapter fifty-four [§ 54-1-1 et seq.], of the Code of West Virginia, one thousand nine hundred thirty-one, and acts amendatory and supplemental thereto: Provided, That the municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from the funds provided pursuant to this article; and in any proceedings to condemn, such orders may be made as may be just to the municipality and to the owners of the property to be condemned, and an undertaking or other security may be required securing such owners against any loss or damage to be sustained by reason of the failure of the municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon the municipality except such as may be paid from the funds provided under the authority of this article. In event of the acquisition by purchase the board may obtain and exercise an option from the owner or owners of said property for the purchase thereof, or may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper. In event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of the ordinance described in section five [§ 16-13-5] hereof, shall cause to be determined what repairs, replacements, additions, and betterments will be necessary in order that such works may be effective for their purpose, and an estimate of the cost of such improvements shall be included in the estimate of the cost required by section five hereof, and such improvement shall be made upon the acquisition of the works and as a part of the cost thereof. (1933, Ex. Sess., c. 25, § 7.)

§ 16-13-8. Cost of works.

The cost of the works shall be deemed to include the cost of acquisition or construction thereof, the cost of all property, rights, easements, and franchises deemed necessary or convenient therefor and for the improvements determined upon as provided in this article; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvement last mentioned; engineering and legal expenses; expense for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized and the construction or acquisition of the works and the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof. (1933, Ex. Sess., c. 25, § 8.)

Expenses incurred in "determining the feasibility or practicability of the enterprise". — It is foreseen, as shown in this section, that a city may probably incur expenses in "determining the feasibility or practicability of the enterprise." Such determination would of course be made prior to the issuance of any revenue bonds, and probably before the creation of a sanitary board. It might often result in a rejection of the project altogether, in which event no revenue bonds would be issued, and any obligation incurred by the city might prove to be uncollectible. On the other hand, if the project be undertaken by the city, whatever loans may have been made on the faith of the revenue bonds would or should be included in the cost of the works and repaid out of the proceeds of the bonds. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Advances from the United States to a city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system represent a part of the cost of the works which should have been repaid out of the first proceeds received from the sale of the first issue of revenue bonds. Such repayment would not in any way increase the cost of the works; it was the very first item of expense incurred in connection with the works. Under the agreement between the city and the United States, it was a liability from the moment construction of the sewage treatment and disposal plant was begun. No disadvantage would result to bondholders as a result of the payment of this just debt out of the proceeds of a future revenue bond issue. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.

Nothing in this article contained shall be so construed as to authorize or permit any municipality to make any contract or to incur any obligation of any kind or nature except such as shall be payable solely from the funds provided under this article. Funds for the payment of the entire cost of the works, exclusive of any portions of the cost that may be defrayed out of any grant or contribution, shall be provided by the issuance of revenue bonds of the municipality, the principal and interest of which shall be payable solely from the fund herein provided for such payment, and said bonds shall not, in any respect, be a corporate indebtedness of such municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of such bonds shall be determined by ordinance or ordinances of the municipality. (1933, Ex. Sess., c. 25, § 9; 1949, c. 93.)

Cross references. — See notes to § 16-13-8.

The provisions of this article become a part of the contract between the municipality and the bondholders as effectually as if written verbatim in the bonds. The bondholders are bound by their contract in this instance just as firmly as in any other legal contract. Consequently, the bonds do not create a corporate indebtedness of the municipality. Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Contractual obligation between municipalities not relieved by inability of town to sell revenue bonds. — Under the provisions of §§ 16-13-19 and 16-13-23a, a city and a town may enter into a contract whereby the city agreed to construct a sewage disposal facility and the town agreed to contribute to the cost of the construction of the facility in return for the right to use the facility, and the fact that the town was unable to sell revenue bonds because it was not allowed to have part ownership in the treatment plant or interceptor sewers did not relieve the town of its contractual obligation when the city offered to buy the revenue bonds issued by the town. Since the contracts were authorized by statute and were thus not ultra vires, even if the contracts were not formally approved by ordinance, the municipalities were estopped from asserting any invalidity of the contracts on such ground. City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable at such times, and shall mature at such time or times as may be determined by ordinance. Such bonds may be made redeemable before maturity at the option of the municipality, to be exercised by said board, at not more than the par value thereof and a premium of five percent, under such terms and conditions as may be fixed by the ordinance authorizing the issuance of the bonds. The principal and interest of the bonds may be made payable in any lawful medium. Said ordinance shall determine the form of the bonds, either coupon or registered, shall set forth any registration and conversion privileges, and shall fix the denomination or denominations of such bonds and the place or places of payment of the principal and interest thereof, which may be at any bank or trust company within or without the State. The bonds shall contain a statement on their face that the municipality shall not be obligated to pay the same or the interest thereon except from the special fund provided from the net revenues of the works. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State. Said bonds shall be exempt from all taxation, state, county and municipal. Such bonds shall be executed by the proper legally constituted authorities of the municipality, and be sealed with the corporate seal of the municipality, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers, before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Such bonds shall be sold at a price not lower than a price, which when computed upon standard tables of bond values, will show a net return of not more than thirteen per centum per annum to the purchaser upon the amount paid therefor, and the proceeds derived therefrom shall be used exclusively for the purposes for which said bonds are issued and same may be sold at one time or in parcels as funds are needed. Any surplus of bond proceeds over and above the cost of the works shall be paid into the sinking fund hereinafter provided. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the works, additional bonds may in like manner be issued to provide the amount of such deficit and, unless otherwise provided in said ordinance authorizing the issuance of the bonds first issued or in the trust indenture hereinafter authorized, shall be deemed to be of the same issue and shall be entitled to payment without preference or priority of the bonds first issued. Prior to the preparation of the definitive bonds, temporary bonds may under like restrictions be issued with or without coupons, exchangeable for definitive bonds

pon the issuance of the latter. (1933, Ex. Sess., c. 25, § 10; 1970, c. 11; 1980, 33; 1981, 1st Ex. Sess., c. 2.)

16-13-11. Additional bonds to extend or improve works.

The governing body may provide by said ordinance authorizing the issuance f the bonds or in the trust indenture hereinafter referred to, that additional onds may thereafter be authorized and issued, at one time or from time to ime under such limitations and restrictions as may be set forth in said ordi- ance and/or trust indenture, for the purpose of extending, improving or ettering the works when deemed necessary in the public interest, such addi- ional bonds to be secured and be payable from the revenues of the works qually with all other bonds issued pursuant to said ordinance without prefer- nce or distinction between any one bond and any other definite bonds upon he issuance of the latter. (1933, Ex. Sess., c. 25, § 11.)

§ 16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time, under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other bond by reason of priority of issuance or otherwise. (1933, Ex. Sess., c. 25, § 12.)

§ 16-13-13. Application of revenue from bonds; lien.

All moneys received from any bonds issued pursuant to this article, after reimbursements and repayment to said municipality of all amounts advanced for preliminary expenses as provided in section four [§ 16-13-4] of this article, shall be applied solely to the payment of the cost of the work, extensions, improvements or betterments, or to the appurtenant sinking fund and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holders of the bonds or the trustees hereinafter provided for. (1933, Ex. Sess., c. 25, § 13.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-14. Securing bonds by trust indenture.

In the discretion of the governing body such bonds may be secured by a trust indenture by and between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the State of West Virginia but no such trust indenture shall convey or mortgage the works or any part thereof. The ordinance authorizing the revenue bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality and the board in relation to the construction or acquisition of the works and the improvement, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the works shall be contracted for, constructed and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, successors, assigns or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, successors, assigns or nominees. Such indenture may set forth the rights and remedies of the bondholders and/or such trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. Except as in this article otherwise provided, the governing body may provide by ordinance or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository as it may determine for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. (1933, Ex. Sess., c. 25, § 14.)

§ 16-13-15. Sinking fund; transfer of balance of net revenues.

At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the West Virginia municipal bond commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of operation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time;

(d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the West Virginia municipal bond commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into such fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the works. The amounts of the balance of the net revenue as and when so set apart shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and with the ordinance pursuant to which such bonds have been issued. The West Virginia municipal bond commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. Notwithstanding the foregoing, payments of principal and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the governing body directly thereto. (1933, Ex. Sess., c. 25, § 15; 1933, 2nd Ex. Sess., c. 48; 1986, c. 118.)

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

The governing body shall have power, and it shall be its duty, by ordinance, to establish and maintain just and equitable rates or charges for the use of and the service rendered by such works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses such works by or through any part of the sewerage system of the municipality, or that in any way uses or is served by such works, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements and maintenance of the works and for the payment of the sums herein required to be paid into the sinking fund. Revenues collected pursuant to this section shall be deemed the revenues of the works. No such rates or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or

to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The first publication shall be made at least ten days before the date fixed in such notice for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing rates or charges, either as originally introduced or as modified and amended, shall be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments. All such rates or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: Provided, however, That where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof. Whenever any rates, rentals or charges for services or facilities furnished shall remain unpaid for a period of thirty days after same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. The board collecting such charges shall be obligated under reasonable rules and regulations, to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities, or both, and shall not restore either water facilities or sewer facilities to any delinquent user of either until all delinquent charges for both water facilities and sewer facilities, including reasonable interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105.)

Rules of Civil Procedure. — Abolition of procedural distinctions between law and equity, R.C.P. 2.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-1, 16-13-2, 24-1-1, 24-2-1, and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Municipal sewer system is subject to jurisdiction of public service commission. 45 Op. Att'y Gen. 642 (1954).

Hence, municipality is required to file its rates with the commission for approval in accordance with § 24-2-1 et seq. 45 Op. Att'y Gen. 642 (1954).

Jurisdiction to enforce lien. — The fact that this section speaks of the enforcement of the lien in a "civil action" should not be construed as placing that jurisdiction in our courts of law simply because the word "action," strictly applied, does not usually refer to chancery practice. City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943).

Discrimination not shown. — Charges made against the users of a city sewage system were based upon the amount of water used upon the premises as indicating the extent to which the sewers were used. The charges were subject to a deduction of the amount of water retained on the premises, such amount to be determined by a meter installed by the consumer and used to record gallonage of water that had come on the property but had not been disposed of through the sewers. It was held that the method under which the charges were assessed was neither capricious nor unfair although certain users had been unable to install meters used to measure their deductions. Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Applied in Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-17. Municipality subject to established rates.

The municipality shall be subject to the same charges and rates established as hereinbefore provided, or to charges and rates established in harmony therewith, for service rendered the municipality, and shall pay such rates or charges when due from corporate funds and the same shall be deemed to be a part of the revenues of the works as herein defined, and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 17.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.

The governing body shall provide by ordinance that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided. Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body, one of whom, during the construction period, must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration

of the term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice-chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice-chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137.)

Effect of article generally. — The effect of the provisions of this article is to authorize and empower a municipal corporation in this State to own, construct, equip, operate and maintain sewer systems, to place the construction, operation and management of such systems under the supervision and control of a sanitary board appointed by the governing body, to authorize such board to operate, manage and control them and to order and complete any extensions or betterments that the board may deem expedient. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

There is no repugnancy between the provisions of this article and §§ 24-1-1, 24-2-1 or 24-3-1, and for these reasons, the provisions of this article do not operate to repeal any of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

The provisions of this article do not revise the subject matter of §§ 24-1-1, 24-2-1 or 24-3-1, and they were not intended as a substitute for any of the provisions of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

In conferring such power and authority upon a municipality by this article, the legislature did not create, or intend to create, any repugnancy or inconsistency between the provisions of this article and the pertinent provisions of chapter 24, or to repeal any of those provisions of that chapter. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Public service commission may order extension of service. — A public utility is under a duty to make reasonable extensions of its services in accordance with its franchise and charter obligations and the needs of the inhabitants within the territory covered by its franchise; and a public service commission may, where its action is not unlawful, arbitrary, or capricious, order an extension of service for the inhabitants of such territory. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Sanitary board may be incorporated and domesticated in adjoining state. — Since the incorporation of its sanitary board and its domestication in the state of Virginia was the only plan by which the power intended to be granted by the legislature to a city to construct a sewage disposal plant outside the State of West Virginia could be legally effectuated, the power to so incorporate its sanitary board was a necessary and incidental right to the main power granted. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Member of city council may not serve as consulting engineer to the sanitary board on city sewer project. 49 Op. Att'y Gen. 60 (1961).

Mayor and city manager may not both be appointed to municipal sanitary board. — When a municipal corporation has a city

manager form of government, the municipality's governing board has the option of appointing either its mayor or its city manager (but not both) to the municipal sanitary board. 52 Op. Att'y Gen. 217 (1967).

As to scope of duties and responsibilities of city treasurer as they relate to possession of funds of a sanitary board, see 52 Op. Att'y Gen. 497 (1967).

Applied in Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-18a. Publication of financial statement.

Every sanitary board shall prepare a financial statement and cause the same to be published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the board as soon as practicable after the close of the fiscal year: Provided, That such statement for the fiscal year ending June thirtieth, one thousand nine hundred fifty-six, may be published any time during the year one thousand nine hundred fifty-seven. The statement shall be sworn to by the chairman and secretary and treasurer of the board. If a board fails or refuses to perform the duties hereinbefore named, every member of the board concurring in such failure or refusal shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred nor more than five hundred dollars and the circuit court or criminal court and justices of the peace [magistrates], of the county where the offense was committed, shall have concurrent jurisdiction to try such offense. (1957, c. 138; 1967, c. 105.)

Editor's notes. — The bracketed word was inserted by the editor. See § 50-1-17.

§ 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.

Any municipality operating a sewage collecting system and/or a sewage disposal plant or plants as defined in this article, or which as herein provided has ordered the construction or acquisition of such works (in this section called the owner), is hereby authorized to contract with one or more other municipal corporations or political subdivisions within the State (in this section called the lessee), and such lessees are hereby authorized to enter into such contracts with such owners, for the service of such works to such lessees

and their inhabitants, but only to the extent of the capacity of the works without impairing the usefulness thereof to the owners, upon such terms and conditions as may be fixed by the boards and approved by ordinances of the respective contracting parties: Provided, however, That no such contract shall be made for a period of more than forty years or in violation of the provisions of said ordinance authorizing bonds hereunder or in violation of the provisions of said trust indenture. The lessee shall by ordinance have power to establish, change and adjust rates and charges for the service rendered therein by the works against the owners of the premises served, in the manner hereinbefore provided for establishing, changing and adjusting rates and charges for the service rendered in the municipality where the works are owned and operated, and such rates or charges shall be collectible and shall be a lien as herein provided for rates and charges made by the owner. The necessary intercepting sewers and appurtenant works for connecting the works of the owner with the sewerage system of the lessee shall be constructed by the owner and/or the lessee upon such terms and conditions as may be set forth in said contract, and the cost or that part of the cost thereof which is to be borne by the owner may be paid as a part of the cost of the works from the proceeds of bonds issued under this article unless otherwise provided by said ordinance or trust indenture prior to the issuance of the bonds. The income received by the owner under any such contract shall, if so provided in said ordinance or trust indenture, be deemed to be a part of the revenues of the works as in this article defined and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 19; 1981, 1st Ex. Sess., c. 2.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-20. Discharge of lien on property acquired.

No property shall be acquired under this article upon which any lien or other encumbrance exists, unless at the time such property is acquired a sufficient sum of money be deposited in trust to pay and redeem such lien or encumbrance in full. (1933, Ex. Sess., c. 25, § 20.)

§ 16-13-21. Action on certificates or attached coupons; receivers.

Any holder of any such certificates or any of the coupons attached thereto, and the trustee, if any, except to the extent the rights herein given may be restricted by said ordinance authorizing issuance of the bonds or by the trust indenture, may either at law or in equity, by suit, action, mandamus or other proceeding protect and enforce any and all rights granted hereunder or under such ordinance or trust indenture, and may enforce and compel performance of all duties required by this article or by such ordinance or trust indenture to be performed by the municipality issuing the bonds or by the board or any officer, including the making and collecting of reasonable and sufficient

charges and rates for service rendered by the works. If there be any failure to pay the principal or interest of any of the bonds on the date therein named for such payment, any court having jurisdiction of the action may appoint a receiver to administer the works on behalf of the municipality and the bondholders and/or trustee, except as so restricted, with power to charge and collect rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and also to pay any bonds and interest outstanding and to apply the revenues in conformity with this article and the said ordinance and/or trust indenture. (1933, Ex. Sess., c. 25, § 21.)

Rules of Civil Procedure. — Abolition of procedural distinctions between law and equity, Rule 2.

Receivers, Rule 66.

Application of rules to extraordinary remedies, Rule 81(a)(5).

§ 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.

The authority herein given shall be in addition to and not in derogation of any power existing in any municipality under any statutory or charter provisions which it may now have or hereafter adopt. For all purposes of this article, all municipal corporations shall have jurisdiction for ten miles outside the corporate limits thereof. (1933, Ex. Sess., c. 25, § 22.)

§ 16-13-22a. Grants, loans and advances.

Any municipality is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition or construction of said sewage works and the construction of betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said sewage works or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1949, c. 93; 1961, c. 107; 1980, c. 59; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

Stated in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-22b. Contracts for abatement of pollution.

When determined by its legislative body to be in the public interest and necessary for the protection of the public health, any municipality is authorized to enter into and perform contracts, whether long-term or short-term, with any industrial establishment for the provision and operation by the municipality of sewerage facilities to abate or reduce the pollution of waters caused by discharges of industrial wastes by the industrial establishment and the payment periodically by the industrial establishment to the municipality of amounts at least sufficient, in the determination of such legislative body, to compensate the municipality for the cost of providing (including payment of principal and interest charges, if any), and of operating and maintaining the sewerage facilities serving such industrial establishment. (1949, c. 93.)

§ 16-13-22c. Refunding bonds.

Any municipality is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds, including interest thereon, if any, in arrears or about to become due. The relevant provisions in this article pertaining to revenue bonds shall be equally applicable in the authorization and issuance of refunding revenue bonds, including their terms and security, the ordinance, the trust indenture, rates, or other aspects of the bonds. (1949, c. 93.)

§ 16-13-22d. Subordination of bonds.

Notwithstanding any other provisions to the contrary in this article, any municipality authorizing the issuance of bonds under this article in an effort to aid in the abatement or reduction of the pollution of any waters or streams may provide in the ordinance authorizing the issuance of the bonds and in any trust indenture pertaining thereto that such bonds, or any additional bonds that may thereafter be issued to extend or improve the works, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to the payment of principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1949, c. 93.)

§ 16-13-22e. Operating contract.

Any such municipality may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the facilities and properties of said sewerage system, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons, firms or corporations. Such municipality shall have power to provide in the resolution authorizing the issuance of bonds hereunder, or in any trust indenture, securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1955, c. 132.)

§ 16-13-22f. Exemption of bonds from taxation.

Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with sewerage system, and all the moneys, revenues and other income of such municipality derived from such sewerage system shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. (1955, c. 132.)

§ 16-13-22g. Covenants with bondholders.

Any resolution authorizing the issuance of bonds hereunder, or any trust indenture with any bank or trust company within or without the State, for the security of said bonds, may contain covenants with the holders of such bonds as to:

(a) The purpose or purposes to which the proceeds of sale of such bonds, or the revenues derived from said sewerage system, may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depositary for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, operation or control of such sewerage systems, including any part thereof heretofore or hereafter constructed or acquired or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for such reserve or other funds as may be deemed necessary or desirable;

(c) The fixing, establishing and collecting of such fees, rentals or other charges for the use of the services and facilities of such sewerage system, including the parts thereof heretofore or hereafter constructed or acquired and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of operation, maintenance and repair of such sewerage system, the payment of the principal of and interest on all bonds or other obligations payable from the revenues of such sewerage system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of such sewerage system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenue of such sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such sewerage system, between bonds payable from such revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual operation, maintenance and repair of such sewerage system and restrictions and limitations upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such sewerage system, or any part thereof, and the use and disposition of the proceeds of any insurance;

(i) The keeping of books of account, relating to such undertakings and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified, or approved by accountants designated or approved by the holders of bonds issued hereunder;

(j) Such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated hereunder, it being the intention hereof to grant to such municipalities the power to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant such municipalities full and complete power to enter into any contracts, covenants or agreements with holder of bonds issued hereunder not inconsistent with the Constitution of the State of West Virginia. (1955, c. 132.)

§ 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.

This article, shall, without reference to any other statute, be deemed full authority for the construction, acquisition, improvement, equipment, maintenance, operation and repair of the works herein provided for and for the

issuance and sale of the bonds by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition or election or other or further proceeding in respect to the construction or acquisition of the works or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to such construction or acquisition or to the issuance or sale of such bonds shall be required except such as are prescribed by this article, any provisions of other statutes of the State to the contrary notwithstanding: Provided, however, That all functions, powers and duties of the state department of health shall remain unaffected by this article. (1933, Ex. Sess., c. 25, § 23.)

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the chief of the division of water resources or the state water resources board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates or charges for the use of the services and facilities of the existing sewer system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system, or that in any way uses or is served thereby, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage, and the repair, alteration and extension of existing sewer facilities, as may be necessary to comply with such order of the chief of the division of water resources or the state water resources board, and for the operation, maintenance and repair of the entire works and system; and the governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the proceeds derived from rates or charges until completion of said construction, to be remitted to and administered by the state sinking fund commission by expending and paying said costs and expenses of construction and operation in the manner as provided by said ordinance; and after the completion of the construction such rates or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement, and extension from time to time, of the entire sewer and works. No such rates or

charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication of such notice as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing the rates or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. If any rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality. Any municipal corporation exercising the powers given herein shall have authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with such order of the state water resources board, and the authority provided herein to establish, maintain and collect rates or charges shall be construed as a further additional and alternative method of financing such works and matters, and shall be independent of any other provision of this article insofar as such article provides for or requires the issuance of revenue bonds or the imposition of rates and charges in connection with such bonds: Provided, however, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the state water resources board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, shall be governed by the provisions of this article. (1955, c. 135; 1967, c. 105.)

so as to conduce to the preservation of the public health, comfort and convenience and to render said sewage harmless, insofar as is reasonably possible, to animal, fish and plant life. Any violation of this proviso and any failure to observe and follow same, by any sanitary district organized under this article, is a misdemeanor on the part of the sanitary district and upon conviction, said sanitary district shall be punished by such fine as law and equity may require, and the trustees thereof may be removed from office as trustees of said sanitary district by an order of the court before whom the cause is heard. It is the duty of the division of environmental protection or the bureau of public health or other body having proper supervision of such matters, to enforce the foregoing provisions; and upon complaint of said office or bureau it is the duty of the attorney general or prosecuting attorney of the county in which such violation may occur, to institute and prosecute such cause by indictment or in the manner provided by law. (1933, Ex. Sess., c. 24, § 6; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "division of environmental protection" for "state water resources board" and "bureau of public health" for "state department of health"; substituted "enforce the foregoing provisions" for "cause the foregoing provisions to be enforced"; substituted "office or bureau" for "board or department" following "upon complaint of said"; and made stylistic changes.

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

Sec.
16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.
16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.

The governing body shall provide by ordinance the organization of the board, and that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided. Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body: Provided, That, in the event of an acquisition or merger of an existing sewage works, the governing body may increase the membership to a maximum of four members in addition to the mayor or city manager of the municipality served by the board. During the construction period one of the members must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137; 1992, c. 95.)

Effect of amendment of 1992. — The amendment inserted "the organization of the board and" in the first sentence, and substituted "Provided, That, in the event ... one of the members" for "one of whom, during the construction period" in the second and third sentences.

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the director of the division of environmental protection or the environmental quality board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates or charges for the use of the services and facilities of the existing sewer system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system, or that in any way uses or is served thereby, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and

construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage, and the repair, alteration and extension of existing sewer facilities, as may be necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and for the operation, maintenance and repair of the entire works and system; and the governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the proceeds derived from rates or charges until completion of said construction, to be remitted to and administered by the municipal bond commission by expending and paying said costs and expenses of construction and operation in the manner as provided by said ordinance; and after the completion of the construction such rates or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement and extension from time to time, of the entire sewer and works. No such rates or charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others shall have had an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication of such notice as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication is the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing the rates or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice is required. If any rate or charge so established is not paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality. Any municipal corporation exercising the powers given herein has authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and the authority provided herein to establish, maintain and collect rates or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as such article provides for or requires the issuance of revenue bonds or the imposition of rates and charges in connection with such bonds: Provided, however, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article. (1955, c. 135; 1967, c. 105; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "director of the division of environmental protection or the environmental quality board" for "chief of the division of water resources or the state water resources board" twice preceding the two proviso and for "state water resources board" once in each proviso; substituted "municipal bond commission" for "state sinking fund commission"; deleted "however" in the first proviso; and made other minor changes.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules and regulations; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.
16-13A-10. Budget.
16-13A-11. Accounts; audit.
16-13A-12. Disbursement of district funds.
16-13A-13. Revenue bonds.
16-13A-14. Items included in cost of properties.
16-13A-15. Bonds may be secured by trust indenture.
16-13A-16. Sinking fund for revenue bonds.
16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.
16-13A-18. Operating contracts.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-19. Statutory mortgage lien created; foreclosure thereof.
16-13A-20. Refunding revenue bonds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.

LAW ORDERS, 16th DAY OF June 1902.

Monday the 16th day of June 1902. 7p

Present the same Judge as on Saturday last.

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

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

Tuesday the 17th day of June 1902.

Present the same Judge as on yesterday.

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

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

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

Said territory being hereinafter set out as shown in said survey and map and also the census of the resident population of such territory now filed by the affidavit of R. M. Hudnall who took the same annexed thereto, as also the notice of said application for said certificate of the incorporation of such territory as such town of Cedar Grove and each of them were likewise filed; and ...

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

A certificate under oath of David Pelham, J. C. Thompson and M. J. Hackney was this day filed showing that a majority of all of the qualified voters residing in the following boundaries to-wit: Situate in Cabin Creek District Kanawha County, West Virginia, beginning at a stake on the East edge of Kanawha River at the Tunnel Mine; thence up Kanawha River with meanders of same N. 89° 00 E. 411 feet to Cedar Grove tipple S. 76° 30 E. 430 feet S. 67° 30 E. 250 feet to Ferry. S. 62° 15 E. 340 feet S. 60° 45 E. 273 feet to center of N. & W. Co. tipple S. 60° 15 E. 330 feet to Crib S. 46° 15 E. 485 feet S. 42° 15 E. 334 feet. S. 37° 00 E. 417 feet S. 34° 45 E. 218 feet S. 33° 15 E. 223 feet S. 25° 45 E. 362 feet S. 34° 00 E. 218 feet to Mouth of Kellys Creek and up same with meanders N. 69° 30 E. 217 feet N. 75° 15 E. 206 feet N. 41° 30 E. 133 feet S. 72° 45 E. 336 feet; thence leaving the Creek S. 81° 30 E. 719 feet crossing R. and N. A. R. at 600 feet to a stake in a drain N. 75° E. 180 feet to a stake in County Road N. 49° 00 E. 365 feet N. 54° 15 E. 359 feet to a stake in Circle point in outcrop of Cedar Grove Coal Seam, and with said out crop N. 66° 30 W. 130 feet N. 63° 00 W. 144 feet N. 2° 15 W. 149 feet N. 23° 30 W. 170 feet N. 55° 00 W. 161 feet N. 56° 15 W. 131 feet N. 41° 15 W. 94 feet N. 26° 00 W. 189 feet N. 6° 00 W. 130 feet N. 45° 15 E. 361 feet crossing Coal Bank Branch to a stake in said outcrop and with outcrop N. 35° 30 W. 163 feet N. 4° 15 W. 101 feet N. 19° 00 E. 130 feet N. 24° 15 E. 191 feet N. 43° 00 E. 170 feet N. 40° 00 E. 172 feet N. 26° 30 E. 129 feet N. 51° 15 E. 235 feet N. 63° 15 E. 140 feet N. 67° 30 E. 216 feet N. 60° 00 E. 314 feet N. 15° 00 E. 95 feet to Sycamore Mouth N. 29° 15 E. 274 feet N. 23° 30 E. 360 feet N. 5° 00 E. 485 feet to a sycamore on the bank of Barger Branch and down said branch N. 37° 00 W. crossing C. C. M. Co. R. R. and Kellys Creek 670 feet to a stake in said outcrop of Cedar Grove Coal and with outcrop N. 41° 15 W. 280 feet N. 27° 30 W. 460 feet N. 51° 00 W. 330 feet N. 57° 00 W. 255 feet N. 62° 30 W. 245 feet N. 49° 00 W. 210 feet N. 60° 15 W. 280 feet N. 17° 30 W. 188 feet N. 21° 30 W. 120 feet N. 63° 15 W. 63 feet N. 13° 00 W. 135 feet N. 37° 15 W. 220 feet N. 32° 00 W. 138 feet N. 31° 15 W. 682 feet to a sycamore corner N. 62° 00 W.

410 feet crossing Horsemill Branch to a stake in said outcrop and with outcrop S. 22° 45 E. 430 feet S. 23° 00 E. 470 feet S. 6° 00 E. 372 feet S. 49° 30 W. 105 feet S. 85° 15 W. 222 feet N. 78° 30 W. 250 feet N. 67° 45 W. 316 feet N. 82° 30 W. 356 feet N. 78° 00 W. 292 feet N. 65° 15 W. 234 feet N. 72° 45 W. 310 feet S. 89° 45 W. 360 feet Crossing Ducks Branch to a stake in said outcrop and with outcrop N. 89° 00 W. 143 feet to Cedar Grove Drum House S. 87° 00 W. 490 feet S. 86° 10 W. 160 feet S. 82° 30 W. 280 feet S. 4° 30 E. 260 feet to the beginning containing 222 4/10 acres have been given in due form of Law in favor of the incorporation of the town of Cedar Grove in the County of Kanawha; bounded as herein set forth, and it appearing to the satisfaction of the Court that all the provisions of Chap. 47 of the Code of West Virginia have been complied with by the applicants for said incorporation, the said town is duly authorized within the corporate limits aforesaid to exercise all the corporate powers conferred by the said chapter. From and after the date of this certificate and on like motion of said applicants the Court doth hereby appoint B. P. Thompson, R. N. Craley and R. N. Harris being legal voters, residing within said territory who shall act as commissioners of election at the first election to be held in said town as provided in said Chapter 47 of the Code of West Virginia.

Ordered that this Court be adjourned until tomorrow morning at 9 o'clock

F. A. Guthrie

"RESOLUTION ESTABLISHING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES SHALL TAKE EFFECT."

Be it Resolved and Ordered by Council of the Town of Cedar Grove, Kanawha County, West Virginia:

Section 1. Statutory Mandate for These Rules. The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Council of the Town of Cedar Grove, Kanawha County, West Virginia (herein called the "Council"), is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as Rules of Procedure of the Council.

Section 3. Rules. The following are hereby promulgated and established as Rules of Procedure of the Council:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, post, and leave posted throughout the year to which it applies, at the regular meeting place where notices customarily are posted a notice setting forth the times and places of the Council's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Recorder.

Also immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to that posted.

News Media	Address
Charleston Daily Mail	P. O. Box 2993 Charleston, WV 25330
Charleston Gazette	P. O. Box 2993 Charleston, WV 25330
WMON Radio	1028 First Avenue Montgomery, WV 25136
WCHS Radio	1111 Virginia Street, East Charleston, WV 25301
WCHS Television	1301 Piedmont Road Charleston, WV 25301
WSAZ Television	Columbia Avenue & Virginia St. Charleston, WV 25301
WOWK Television	1601 Kanawha Boulevard, West Charleston, WV 25312

[The remainder of this page is intentionally left blank.]

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In June of each year after the adoption of this Resolution, the Council shall review the above list and shall amend such list as needed, in the opinion of the Council, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily cover news of the area served by the Council.

In the event of any modification in the time or place of a regularly scheduled meeting of the Council, notice of such modification shall be given to the public and news media by posting at the place and distributing to the new media in the manner set forth above, not less than three (3) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Provided, failure of the Recorder to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Council shall determine that such posting and distribution were in substantial compliance herewith.

Rule 2. Notice of Special Meeting. Not less than three (3) but not more than eight (8) days prior to the date set for any special meeting of the Council, the Council shall instruct the Recorder to, and the Recorder shall, post on the door of the regular meeting place of the Council, and at such other place, if any, where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Recorder shall distribute to each of the newspapers, television stations, radio stations and other news media listed in Rule No. 1 hereof a notice identical to that posted. Amendments made to such list, as provided for in said Rule

No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Provided, failure of the Recorder to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Council shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 3. Emergency Meeting. A meeting as of the Council may be held without the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of any emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Council and shall be attested to in a certificate by the Recorder describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Section 4. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 5. Effective Time. This Resolution and the rules promulgated hereby shall take effect immediately upon the adoption hereof.

Introduced at Council Meeting: September 14, 1993

Adopted by Council: September 14, 1993

Mayor

[SEAL]

Recorder

ABB03F01

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed Roger A Cooke

Given under my hand this 1st day of July 1991

WITNESSED: Carolyn J Bennett
Recorder

CERTIFICATION

I, Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia do certify that the foregoing is a true and accurate copy of the oath of office taken and sign on the 1st day of July, 1991, by Roger A. Cooke as a duly elected Mayor of the Town of Cedar Grove, West Virginia. Which oath of office remains on this date in full force and effect.

Carolyn J Bennett
Carolyn Bennett, Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed Carolyn Bennett

Given under my hand this 1st day of July 1991

WITNESSED: Roger A. Cooke
Mayor

CERTIFICATION

I, Roger A. Cooke, Mayor of the Town of Cedar Grove, West Virginia do certify that the foregoing is a true and accurate copy of the oath of office taken and sign on the 1st day of July, 1991, by Carolyn Bennett as a duly elected Recorder of the Town of Cedar Grove, West Virginia. Which oath of office remains on this date in full force and effect.

Roger A. Cooke

Roger A. Cooke, Mayor

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed James A Hudnall

Given under my hand this 1st day of July 1991

WITNESSED: Carolyn Bennett
Recorder

CERTIFICATION

I, Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia do certify that the foregoing is a true and accurate copy of the oath of office taken and sign on the 1st day of July, 1991, by James Hudnall as a duly elected Councilman of the Town of Cedar Grove, West Virginia. Which oath of office remains on this date in full force and effect.

Carolyn Bennett
Carolyn Bennett, Recorder

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
P. F. TUCKER
124 - 4th AVE.
GLASGOW, WV 25085
My Commission Expires January 23, 2000

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed Michael Dean Coleman

Given under my hand this 1st day of July 1991

WITNESSED: Carolyn Bennett
Recorder

CERTIFICATION

I, Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia do certify that the foregoing is a true and accurate copy of the oath of office taken and sign on the 1st day of July, 1991, by Michael Coleman as a duly elected Councilman of the Town of Cedar Grove, West Virginia. Which oath of office remains on this date in full force and effect.

Carolyn Bennett
Carolyn Bennett, Recorder

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
P. B. TUCKER
124 - 4th AVE.
GLASGOW, WV 25085
My Commission Expires January 23, 2000

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed _____

Given under my hand this 1st day of July 1991

WITNESSED: Carolyn Bennett
Recorder

CERTIFICATION

I Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia do certify that the foregoing is a true and accurate copy of the oath of office taken and sign on the 1st day of July, 1991, by Timothy Easterday as a duly elected Councilman of the Town of Cedar Grove, West Virginia. Which oath of office remains on this date in full force and effect.

Carolyn Bennett
Carolyn Bennett, Recorder

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
P. F. TUCKER
124 - 4th AVE.
GLASGOW, WV 25085
My Commission Expires January 23, 2000

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed Kent Stanley

Given under my hand this 9th day of June, 1992

WITNESSED: Carolyn Bennett
Recorder

CERTIFICATION

I, Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia do certify that the foregoing is a true and accurate copy of the oath of office taken and sign on the 9th day of June, 1992, by Kent Stanley as a duly elected Councilman of the Town of Cedar Grove, West Virginia. Which oath of office remains on this date in full force and effect.

Carolyn Bennett
Carolyn Bennett, Recorder

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
P. F. TUCKER
124 - 4th AVE.
GLASGOW, WV 25085
My Commission Expires January 23, 2000

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed Clayton Young Jr.

Given under my hand this 1st day of July 1991

WITNESSED: Carolyn Bennett
Recorder

CERTIFICATION

I Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia do certify that the foregoing is a true and accurate copy of the oath of office taken and sign on the 1st day of July 1991, by Clayton Young, Jr. as a duly elected Councilman of the Town of Cedar Grove, West Virginia. Which oath of office remains on this date in full force and effect.

Carolyn Bennett
Carolyn Bennett, Recorder

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
P. F. TUCKER
124 - 4th AVE.
GLASGOW, WV 25085
My Commission Expires January 23, 2000

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed Roger A Cooke

Given under my hand this 22nd day of October, 1993

WITNESSED: Evelyn Bennett
Secretary-Treasurer

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed Troy Page Jr.

Given under my hand this 22nd day of October, 1993

WITNESSED: Cindy Bennett
Secretary-treasurer

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

TOWN OF CEDAR GROVE
OATH OF OFFICE

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

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

Signed Jeff Bitzer

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

WITNESSED: Carolyn J. Bennett
Secretary-Treasurer

Introduced in Council

September 14, 1993

Introduced by

Carolyn Bennett, Recorder

Passed by Council

September 28, 1993

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

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

ARTICLE I

Statutory Authority and Findings

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

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

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

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

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

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

ARTICLE II

SANITARY BOARD

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

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

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

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

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

Section 2.06. Compensation of Sanitary Board Members and Officers.

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

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

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

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

ARTICLE III

MISCELLANEOUS

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

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

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

TOWN OF CEDAR GROVE

Mayor

[SEAL]

Recorder

First Reading: Sept. 14, 1993

Second Reading: Sept. 28, 1993

ABB04015

AN ORDINANCE OF THE TOWN OF CEDAR GROVE, WEST VIRGINIA, AMENDING AND RE-ENACTING AN ORDINANCE ADOPTED BY THE COMMON COUNCIL OF THE TOWN ON THE 23RD DAY OF FEBRUARY, 1993, AND CAPTIONED "AN ORDINANCE OF THE TOWN OF CEDAR GROVE, WEST VIRGINIA, PROVIDING FOR THE IMPOSITION ON ALL USERS OF THE TOWN'S SEWER SYSTEM OF A USER CHARGE FOR THE COLLECTION AND DISPOSAL OF SEWAGE; PRESCRIBING THE RATES TO BE CHARGED; DESIGNATING THE TIME WHEN, OR THE CIRCUMSTANCES UNDER WHICH, THE IMPOSITION OF SUCH CHARGES SHALL BECOME EFFECTIVE.", BY AMENDING AND RE-ENACTING SECTION 6 OF SUCH ORDINANCE, BUT OTHERWISE, RE-ENACTING SUCH ORDINANCE IN FORM AND SUBSTANCE AS PREVIOUSLY ENACTED ON THE 23RD DAY OF FEBRUARY, 1993

BE IT ORDAINED by the Common Council of the Town of Cedar Grove, West Virginia, as follows:

1. **FINDINGS OF FACT**.--The Common Council of the Town of Cedar Grove, West Virginia, after having considered all relevant circumstances, including, without limitation, the need for the upgrading by the Town of its present sewage collection and disposal system in such manner as to eliminate or substantially reduce the pollution of Kelly's Creek and the Kanawha River; the mandate placed upon the Town by West Virginia and federal governmental authorities for the upgrading of such sewer systems and the reduction of such pollution; the probable cost of such upgrading; and the need for funds to cover the cost of such upgrading and the operation of such improved system; hereby finds and declares that the providing of adequate sewage collection and disposal services for the residents of the Town and the compliance with the state and federal mandate upon the Town above mentioned, necessitate that funds, in addition to those now, or in the foreseeable future, available for such purposes, be raised by means of the imposition of a charge or rate for sewer service upon the users of the Town's sewer system; and that the charges and rates imposed by this

ordinance will be necessary and adequate for such purposes, and are, in all respects, fair, reasonable, and nondiscriminatory.

2. **IMPOSITION OF RATE FOR SEWER SERVICE**.--There are hereby imposed upon each user of the sewer system of the Town, to become effective at the time set forth in Section 6 of this ordinance, the following charges for such service, including a monthly charge for service based upon the quantity of water consumed by such user, which charges and rates shall be as follows:

2.1 Monthly Rate.--For the first 2,000 gallons of water used per month, $3.94 per 1,000 gallons; for the next 3,000 gallons of water used per month, $3.44 per 1,000 gallons; for the next 20,000 gallons of water used per month, $2.94 per 1,000 gallons; and all over 25,000 gallons of water used per month, $2.44 per 1,000 gallons.

2.2 Minimum Charge.--The minimum charge to be billed to any user shall be at the rate of $7.88 per month.

2.3 Connection Charge.--A connection charge is imposed as follows: Connection made before completion of upgrading of system and effectuation of use of facilities of Chelyan Public Service District, $-0-; connection made after completion of upgrading of system and effectuation of use of facilities of Chelyan Public Service District, $250.00.

2.4 Delinquency Charge.--A penalty of ten percent (10%) will be charged on all accounts delinquent for a period of ten (10) days beyond their due dates.

2.5 Disconnect; Reconnect.--A charge of $20.00 shall be made for a disconnection of water service for nonpayment

of sewer bill. A charge of $20.00 shall be made for reconnection of water service following rectification of delinquency.

3. **BASIS OF MEASUREMENT OF WATER CONSUMPTION.**--In cases where the user's water consumption is measured by meters, whether the supplier of such water be the Town of Cedar Grove or another utility, the consumption of water shall be measured by such metering. In case a user provides his or its own water supply, the Town may install its own metering device or may evolve some other fair and reasonable method of determining the quantity of such water consumption.

4. **DEFINITION OF "USER"**.--The term "user," as herein employed, shall mean each residential, commercial, or industrial unit which is connected to the sewer system of the Town which is separately metered for water consumption, or, if not separately metered for water, is separately connected to the sewer system.

5. **COMPLIANCE WITH REGULATIONS**.--The provisions of this ordinance, together with all rates and charges imposed hereby and all actions taken hereunder, shall be subject to the rules and regulations for the government of sewer utilities promulgated by the Public Service Commission of West Virginia.

6. **EFFECTIVE DATE**.--Subject to the qualifications prescribed in Subsections 6.1 and 6.2 following, the rates and charges imposed by this ordinance shall become effective on the 1st day of September, 1993.

6.1 Such rates and charges shall become effective no sooner than forty-five (45) days from the date of the adoption of this ordinance, as amended by amendatory ordinances introduced

respectively on the 11th day of May, 1993, and the 25th day of May, 1993. In the event the 1st day of October, 1993 shall be sooner than forty-five (45) days from the date of the adoption of this ordinance, as so amended, then the effective date of such rates and charges shall, subject to other provisions of this section, be the 1st day of the calendar month commencing no sooner than forty-five (45) days from the date of such ordinance adoption.

6.2 In the event a petition be filed with the Commission under the provisions of Subsection (c), Section 4b, Article 2 of Chapter 24 of the Code of West Virginia of 1931, as amended, then such effective date shall be no sooner than the 1st day of the second calendar month following the approval by the Public Service Commission of West Virginia of such rates and charges, as filed or as modified by the Commission.

At such time as shall be feasible, the precise date for the effectuation of such rates and charges shall be fixed by resolution adopted by the Common Council of the Town of Cedar Grove.

7. **COMPLIANCE WITH LAW**.--The Mayor and other proper officials of the Town are hereby authorized and directed to take all such action as shall be appropriate in compliance with all statutes of West Virginia and all proper rules and regulations of appropriate governmental agencies in order to carry into effect the provisions of this ordinance.

8. **PUBLICATION OF NOTICE**.--At least five (5) days before the meeting at which this ordinance is to be voted upon for final adoption, there shall be published one time in the Charleston

Gazette and the Charleston Daily Mail, both newspapers published in the City of Charleston, Kanawha County, West Virginia and of general circulation in the Town of Cedar Grove, a notice of the proposed adoption of this ordinance stating the subject matter and general title hereof, the date, time, and place of the proposed final vote on the adoption hereof and the fact that such ordinance may be inspected, and a copy hereof may be obtained, by any member of the public at the office of the Recorder of the Town in the Cedar Grove Municipal Building. The published notice shall also state that, at the meeting of this council at which the proposed final vote on the adoption of this ordinance will be taken, any interested parties may appear and be heard with respect to this ordinance and the matters contained herein.

9. **NOTICE TO CUSTOMERS**.--Notice of intent of the Town to effectuate the rates prescribed in this ordinance shall, in accordance with the provisions of Chapter 24, Article 2, Section 4b, Subsection (b) of the Code of West Virginia of 1931, as amended, be specified on the monthly water service billing statement of the Town sent to all customers of the water service of the Town on the billing statement on the 1st day of the month preceding the effectuation of the rates and charges prescribed herein.

I, Roger A. Cooke, Mayor of the Town of Cedar Grove, West Virginia, do certify as follows:

1. That the foregoing is a true copy of an ordinance which was adopted by the Common Council of the Town of Cedar Grove, West Virginia, at a regular meeting of such Council held in the Council Chamber of the Town on the 22nd day of June, 1993, a quorum having been present at such meeting and the said ordinance having been adopted by the unanimous vote of the Council members present.

2. That the foregoing ordinance was introduced at a regular meeting of such Council held in the Council Chamber of the Town on the 25th day of May, 1993, and was adopted in the manner set out in Paragraph 1 of this certificate without amendment.

3. That there was published in the Charleston Daily Mail and Charleston Gazette, both newspapers of general circulation in Kanawha County, West Virginia, on the 1st day of June, 1993, a notice that the foregoing ordinance would be considered for adoption at a meeting of the Council of the 8th day of June, 1993 and that at 7:00 p.m. on the last-mentioned date interested parties may appear and be heard with respect to such ordinance. A certificate of such newspapers evidencing such publication is attached hereto.

4. That, pursuant to such published notice, a public meeting was held by such Council at the time and place designated in the notice at which interested parties appeared and participated

in a discussion of such proposed ordinance prior to its adoption as aforesaid.

Given under my hand and the seal of the Town of Cedar Grove, West Virginia, this 22nd day of June, 1993.

Roger A. Cooke, Mayor

The first minutes of the Sanitary Board of the Town of Cedar Grove, West Virginia, was held in the municipal building of the Town at 3:30 p.m. on the 22nd day of October, 1993.

Present at the meeting were Roger A. Cooke, Mayor of the Town; David Schultz, Engineer; and Troy Page, member of the Board. Also present was Carolyn Bennett, Recorder of the Town.

Roger A. Cooke, as Mayor of the Town, and, as such, ex officio Chairman of the Board, presided at the meeting.

The Chairman announced that at a regular meeting of the Town Council of the Town of Cedar Grove held on the 12th day of October, 1993 the following persons were elected to membership on the Board: Roger A. Cooke, as Mayor, being ex officio a member of the Board; David Schultz, a licensed Engineer, elected for a two-year term commencing on this date; and Troy Page elected for a three-year term commencing on this date. The Chairman declared the foregoing named three persons to have been duly appointed by the Council to membership on the Sanitary Board.

The following persons were thereupon elected as the officers of the Board: Roger A. Cooke, as ex officio Chairman; Troy Page, as Vice Chairman; and Carolyn Bennett, as Secretary-Treasurer.

Troy Page thereupon introduced and moved for the adoption of, the following resolution:

> "BE IT RESOLVED by the Sanitary Board of the Town of Cedar Grove, West Virginia, that a petition in writing be filed with the Common Council of the Town at its regular Council meeting of October 26, 1993 requesting the Council to enact an ordinance:

"(a) setting forth a brief and general description of extensions, improvements and betterments to the sewerage system of the Town, more fully set forth in Exhibit A hereto (the 'Project'), in accordance with plans and specifications prepared and filed by Dunn Engineers, Inc., the engineers chosen by the Sanitary Board (the 'Consulting Engineers');

"(b) setting forth the Cost of the Project estimated by the Consulting Engineers, being approximately $2,229,236.00;

"(c) ordering the construction and acquisition of the Project; and

"(d) containing such other provisions as may be necessary in the premises.

"A written form of such petition as submitted to this meeting is hereby approved."

The motion for the adoption of the foregoing resolution was seconded by Mr. Schultz. A written draft of the petition mentioned in the resolution was circulated among, and studied by, the members of the Board. The motion for the adoption of the resolution was passed unanimously. The secretary was instructed to present the signed petition to the next regular meeting of the Common Council of the Town to be held on the 26th day of October, 1993.

Troy Page introduced and moved for the adoption of the following resolution:

"BE IT RESOLVED by the Sanitary Board of the Town of Cedar Grove, West Virginia, that, with reference to the billing to the customers for sanitary service which is to commence with the water billing of November 1, 1993, billings be made only to customers now using service and that with reference to the billing of potential customers who now utilize septic tanks for sewer purposes, the commencement of billing be deferred until such users are connected to the sewer system of the Town."

The motion for the adoption of the foregoing resolution was seconded by Mr. Schultz and passed unanimously.

Mr. Page introduced and moved for the adoption of the resolution providing rules for the holding of meetings of the Sanitary Board to accord with the SUNSHINE LAW OF WEST VIRGINIA. A copy of the resolution is attached to the minutes. The motion was seconded by Mr. Shultz and after discussion, was unanimously passed.

There being no further business to come before the meeting, the same was, on motion duly made and passed, adjourned.

Roger A. Cooke, Mayor

Carolyn Bennett, Secretary

"RESOLUTION ESTABLISHING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES SHALL TAKE EFFECT."

BE IT RESOLVED AND ORDERED by the Sanitary Board of the Town of Cedar Grove, West Virginia:

Section 1. Statutory Mandate for These Rules.--The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law.

Section 2. Findings and Determinations.--It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Sanitary Board of the Town of Cedar Grove, West Virginia (herein called the "Board"), is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as Rules of Procedure of the Board.

Section 3. Rules.--The following are hereby promulgated and established as Rules of Procedure of the Board:

Rule No. 1. Regular, Special, and Emergency Meetings of Board.--A regular meeting of the Board shall be held in the Cedar Grove Municipal Building at 6:30 p.m. on the second Tuesday in each of the months of January, April, July and October. Special meetings may be called by the Chairman of the Board, the Secretary of the Board, or any two Board members on a written or verbal notice to all Board members given at least one week prior to the date of the meeting. Emergency meetings may be called by the Chairman of the Board on such written or verbal notice to all members of the Board as shall be conveniently possible.

Rule No. 2. Notice of Regularly Scheduled Meetings.--Immediately after adoption of this Resolution and in July of each year thereafter, the Board shall instruct the Secretary of the Board to, and the Secretary of the Board shall, post, and leave posted throughout the year to which it applies, at the regular meeting place where notices customarily are posted a notice setting forth the times and places of the Board's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Secretary.

Also immediately after adoption of this Resolution and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to that posted:

NEWS MEDIA TO BE NOTIFIED:	Charleston Daily Mail 1001 Virginia Street East Charleston, WV 25301
	The Charleston Gazette 1001 Virginia Street East Charleston, WV 25301
TV STATIONS TO BE NOTIFIED:	WCHS Television 1301 Piedmont Road Charleston, WV 25301
	WSAZ Television Columbia Ave.& Virginia St. Charleston, WV 25301
	WOWK Television 1601 Kanawha Boulevard, W. Charleston, WV 25312
RADIO STATIONS TO BE NOTIFIED:	WCHS Radio 1111 Virginia St., E. Charleston, WV 25301

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In June of each year after the adoption of this Resolution, the Board shall review the

above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily cover news of the area served by the Board.

In the event of any modification in the time or place of a regularly scheduled meeting of the Board, notice of such modification shall be given to the public and news media by posting at the place and distributing to the news media in the manner set forth above, not less than three (3) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Notwithstanding the foregoing provision of this section, failure of the Secretary to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which

such notice was posted and distributed if the Board shall determine that such posting and distribution were in substantial compliance herewith.

Rule 3. Notice of Special Meeting.--Not less than three (3) but not more than eight (8) days prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post on the door of the regular meeting place of the Board, and at such other place, if any, where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers, television stations, radio stations and other news media listed in Rule No. 2 hereof a notice identical to that posted. Amendments made to such list, as provided for in said Rule No. 2 shall be incorporated by reference in this Rule No. 3. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 2, or at such other address as the news medium has in writing

requested be used, marked or stamped with first class postage and deposited in the United States mail.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Notwithstanding the foregoing provision of this section, failure of the Secretary to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Board shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 4. Emergency Meeting.--A meeting of the Board may be held without the notice to the public and news media required by Rule No. 2 and Rule No. 3 hereof only in the event of any emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is

required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Section 4. Effective Time. This Resolution and the rules promulgated hereby shall take effect on the 22nd day of October, 1993.

CERTIFICATE OF ADOPTION

I, Carolyn Bennett, Secretary of the Sanitary Board of the Town of Cedar Grove, West Virginia, do certify that the foregoing is a true and accurate copy of a Resolution adopted at a special meeting of said Board duly and regularly held on the 22nd day of October, 1993, a quorum having been present at said meeting and having voted upon the adoption of said Resolution.

Given under my hand this 22nd day of October, 1993.

Carolyn Bennett

Carolyn Bennett, Secretary

PETITION OF THE SANITARY BOARD
OF
THE TOWN OF CEDAR GROVE, WEST VIRGINIA

TO THE COUNCIL OF THE TOWN OF CEDAR GROVE, WEST VIRGINIA:

Pursuant to the provisions of Chapter 16, Article 13, Section 5, of the Code of West Virginia, 1931, as amended, the Sanitary Board (the "Sanitary Board") of the Town of Cedar Grove, West Virginia (the "Town"), which was established pursuant to an ordinance passed by the Council of the Town (the "Council") on September 28, 1993, hereby petitions the Council to enact an ordinance (the "Ordinance") which shall:

(a) set forth a brief and general description of extensions, improvements and betterments to the sewerage system of the Town, more fully set forth in Exhibit A hereto (the "Project"), in accordance with plans and specifications prepared and filed by the engineers chosen by the Sanitary Board (the "Consulting Engineers");

(b) set forth the cost of the Project estimated by the Consulting Engineers, being approximately $2,229,236.00;

(c) order the construction and acquisition of the Project; and

(d) contain such other provisions as may be necessary in the premises.

The Sanitary Board respectfully represents to the Council that, during the construction of the Project, one of the two persons appointed to the Sanitary Board by the Council has been, is and must be a registered professional engineer.

Witness the signature of the Sanitary Board of the Town of Cedar Grove, West Virginia, affixed hereto by Roger A. Cooke, its Chairman, and Carolyn Bennett, its Secretary, this 19th day of October, 1993, pursuant to resolution adopted by the Board on this date.

THE TOWN OF CEDAR GROVE, WEST VIRGINIA, SANITARY BOARD

By _____
Roger A. Cooke, Mayor of the Town and Ex-Officio Chairman

and

By _____
Carolyn Bennett, Its Secretary

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

BOND ORDINANCE

TABLE OF CONTENTS

PAGE

ARTICLE I

Definitions, Statutory Authority and Findings

Section 1.01. Definitions..... 1
Section 1.02. Authority of This Ordinance..... 8
Section 1.03. Findings..... 8
Section 1.04. Ordinance Constituting Contract. 11

ARTICLE II

Authorization of Extensions, Additions, Betterments, and Improvements to the System

Section 2.01 Authorization of Construction and Acquisition..... 12

ARTICLE III

Authorization, Terms, Execution and Registration of Bonds

Section 3.01. Authorization of the Original Bonds..... 13
Section 3.02. Terms of Original Bonds..... 13
Section 3.03. Additional Terms of Bonds..... 14
Section 3.04. Execution of the Bonds..... 14
Section 3.05. Authentication and Registration. 14
Section 3.06. Negotiability, Transfer and Registration..... 14
Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost..... 15
Section 3.08. Bonds Secured by Pledge of Net Revenues; Not to be Indebtedness of the Town..... 16
Section 3.09. Form of Bonds..... 16
Section 3.10. Sale of the Original Bonds..... 24

PAGE

ARTICLE IV

System Revenues and Application Thereof

Section 4.01. Establishment of Funds and Accounts with Depository Bank..... 25
Section 4.02. Establishment of Funds and Accounts with Commission..... 25
Section 4.03. System Revenues; Flow of Funds.. 25

ARTICLE V

Application of Bond Proceeds

Section 5.01. Application of Original Bond Proceeds..... 29
Section 5.02. Bond Construction Trust Fund.... 29

ARTICLE VI

Additional Covenants of the Town

Section 6.01. General Covenants of the Town... 31
Section 6.02. Bonds Not To Be Indebtedness of the Town..... 31
Section 6.03. Bonds Secured by Pledge of Net Revenues..... 31
Section 6.04. Rates..... 31
Section 6.05. Completion, Operation and Maintenance..... 32
Section 6.06. Sale of the System..... 32
Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances..... 33
Section 6.08. Parity Bonds..... 34
Section 6.09. Books and Records..... 36
Section 6.10. Operating Budget..... 37
Section 6.11. Services Rendered to the Town... 38
Section 6.12. Enforcement of Collections..... 38
Section 6.13. Insurance..... 39
Section 6.14. No Competing Franchise..... 39

PAGE

Section 6.15. Connections..... 39
Section 6.16. Public Purpose Bonds..... 39
Section 6.17. Private Activity Bond Covenant.. 40
Section 6.18. Filing Covenant..... 40
Section 6.19. Federal Guarantee Covenant..... 40
Section 6.20. Rebate Covenant..... 40
Section 6.21. Further Actions..... 40
Section 6.22. Covenant to Amend Ordinance..... 41

ARTICLE VII

Defaults and Remedies

Section 7.01. Events of Default..... 42
Section 7.02. Remedies..... 42
Section 7.03. Appointment of Receiver..... 42

ARTICLE VIII

Investments; Non-Arbitrage

Section 8.01. Investments..... 45
Section 8.02. Arbitrage..... 45
Section 8.03. Gross Proceeds Certificate..... 46
Section 8.04. Restriction of Yield and Bond Proceeds..... 46

ARTICLE IX

Defeasance

Section 9.01. Defeasance of Bonds..... 47

ARTICLE X

Miscellaneous

Section 10.01. Modification or Amendment..... 49
Section 10.02. Severability of Invalid Provisions..... 49
Section 10.03. Table of Contents and Headings.. 49
Section 10.04. Repeal of Conflicting Ordinances..... 49
Section 10.05. Covenant of Due Procedure..... 49
Section 10.06. Effective Date..... 49

BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING SEWER SYSTEM OF THE TOWN OF CEDAR GROVE, WEST VIRGINIA AND THE FINANCING OF THE COSTS THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF CEDAR GROVE OF NOT MORE THAN $250,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF THE BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

Be It Enacted And Ordained By The Council Of The Town Of Cedar Grove, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

"Act" means Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

"Advance-Refunded Municipal Bonds" shall mean obligations, the interest on which is excludable from gross income for Federal income tax purposes, which have been advance-refunded prior to their maturity and are fully and irrevocably secured as to principal and interest by Government Obligations held in trust for the payment thereof, and which obligations are serial bonds or term bonds not callable prior to maturity except at the option of the holder or owner thereof.

"Authorized Officer" means the Mayor of the Town or any acting Mayor duly appointed or any other officer duly so authorized by the Council as hereinafter defined.

"Bond" or "Bonds" means the Original Bonds, as hereinafter defined, and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 4.01(3) hereof.

"Bondholder," "Registered Owner" or "Owner of the Bonds" or any similar term means any person who shall be the registered owner, as shown by the Bond Register, of any outstanding Bond.

"Bond Register" means the books of the Town maintained by the Bond Registrar, as hereinafter defined, for the registration and transfer of Bonds.

"Bond Registrar" means the Registrar for the Bonds, which shall be appointed by a resolution supplemental hereto.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Bonds in substantially the form set forth in the Bond form contained herein.

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or to any predecessors or successors thereto.

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

"Consulting Engineers" means Dunn Engineers, Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewer systems that shall at any time be retained by the Town as consulting engineers for the System, as hereinafter defined.

"Costs" or "Costs of Project" or any similar phrase means those costs described in Section 1.03(H) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

"Council" means the Town Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted and shall be deemed to refer also to the Sanitary Board of the Town to the full extent of the powers relating to the System, as hereinafter defined, conferred upon said Sanitary Board.

"Depository Bank" means the bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, designated as such by a resolution supplemental hereto, and any successor thereto.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of EPA.

"EPA Grant" means the Step II/III grant from EPA awarded September 28, 1987, pursuant to an EPA Assistance Agreement, as it may be supplemented or amended.

"Event of Default" means any event or occurrence specified in Section 7.01.

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

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

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Grant Agreement" means a written commitment for the payment of the EPA Grant, the SCB Grant, the KCC Grant or of any of the Other Grants, if any, specifying the amount of such Grant, the terms and conditions upon which said Grant is made and the date or dates or event or events upon which Grant is to be paid to the Town; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant, the "SCB Grant Agreement" means only the Grant Agreement relating to the SCB Grant, and the "KCC Grant Agreement" means only the Grant Agreement relating to the KCC Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Town on account of any Grant to pay Costs of the Project; provided that "SCB Grant Receipts" means only Grant Receipts on account of the EPA Grant, "KCC Grant Receipts" means only the Grant Receipts on account of the KCC Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant, the SCB Grant, the KCC Grant and the Other Grants, if any, as hereinafter defined.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting

principles, after deduction of prompt payment discounts, if any, and reasonable provisions for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or Tap Fees, as hereinafter defined.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall be retained by the Town to prepare an independent annual or special audit of the accounts of the System, as hereinafter defined, or for any other purpose except keeping the accounts of such System in the usual operations of its business and affairs.

"KCC Grant" means the grant from The County Commission of Kanawha County, West Virginia, in the amount of $234,482, awarded pursuant to a letter of intent dated December 23, 1986.

"Loan Agreement" means the loan agreement or loan agreements to be entered into between the Town and the Original Bonds Purchaser; pursuant to which the Original Bonds Purchaser shall agree, subject to the Town's satisfying certain legal and other requirements, to purchase the Original Bonds originally authorized hereby, which shall be approved by the Supplemental Resolution.

"Mayor" means the Mayor of the Town.

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

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

"Ordinance," regardless of whether preceded by the article "the" or "this," means this Ordinance as it may hereafter from time to time be amended or supplemented.

"Original Bonds" means the not more than $250,000 in aggregate principal amount of Sewer Revenue Bonds originally authorized hereby to pay a portion of the Costs of the Project.

"Original Bonds Purchaser" or "Authority" or "WDA" means the West Virginia Water Development Authority as the purchaser of the Original Bonds or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Other Grants" means any grant other than the EPA Grant, the SCB Grant on the KCC Grant, hereafter received by the Town to aid in financing any portion of the Costs of Project.

"Outstanding," when used with reference to Bonds, as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond cancelled by the respective registrars at or prior to said date; (b) any Bond for the payment of which monies equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided in Section 9.01 hereof; and (d) with respect to determining a specified percentage of Registered Owners for the purpose of consents, notices and the like, any Bond registered to the Town.

"Parity Bonds" means any additional bonds issued under the provisions and within the limitations prescribed by Section 6.08 hereof, payable from net revenues on a parity with the Original Bonds.

"Paying Agent" means the Commission.

"Program" means the Original Bonds Purchaser's loan program, under which the Original Bonds Purchaser purchases the revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of sewer development revenue bonds of the Original Bonds Purchaser or any successor to said Program as currently constituted.

"Project" means the extensions, improvements and betterments to the existing sewer system of the Town described in Exhibit A attached hereto and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

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

(a) Government Obligations;

(b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; the Government National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

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

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

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

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

(g) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of

Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

(h) Advance-Refunded Municipal Bonds.

"Recorder" means the Recorder of the Town.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01(2).

"Reserve Account" means the account in the Sinking Fund, as hereinafter defined, created by Section 4.02(1)(a).

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

"Revenue Fund" means the revenue fund created by Section 4.01(1).

"Sanitary Board" or "Board" means the Sanitary Board of the Town established by an ordinance duly enacted by the Council of the Town on September 28, 1993, and any successors to the functions thereof.

"SCB Grant" means the Small Cities Block Grant from the United States Department of Housing and Urban Development in the amount of $750,000, awarded pursuant to a letter agreement dated May 25, 1988.

"Sinking Fund" means the Sinking Fund established for the Bonds by Section 4.02(1).

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article the, refers specifically to the Supplemental Resolution authorizing the sale of the Original Bonds; provided, that any provision intended to be included in the Supplemental Resolution with respect to the Original Bonds and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held in, including but not limited to, the sinking fund, the reserve account and the renewal and replacement fund for the payment of or security for the Bonds or any other obligations of the Town, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Town under the supervision and control of the Sanitary Board, and any additions, improvements or betterments thereto or hereafter constructed or acquired from any sources whatsoever and includes the Project.

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

"Town" means The Town of Cedar Grove, a municipal corporation, in Kanawha County, West Virginia, and, where appropriate, also means the Council thereof and any department, board, agency or instrumentality thereof in control of the management and operation of the System, as hereinafter defined.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine or neuter gender shall include all other genders.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with general accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of the enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority of This Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared that:

(A) The Town currently owns and operates public works for the collection and disposal of sewage. The Town has been advised that its present System is in violation of the Clean Water Act and the System is currently being operated pursuant to a consent decree from the West Virginia Division of Natural Resources. The Project will include the acquisition and construction of a collection system, interruption sewers, a lift station and a force main and will transport to sewage to the Chelyan Public Service District (the "District") for treatment. The Town has entered into a construction and treatment agreement

with the District, which agreement has been approved by the PSC. Additionally, the Project will allow the Town to serve residents who are currently unserved.

(B) In accordance with Section 18 of the Act, the System is under the supervision and control of the Sanitary Board.

(C) The Sanitary Board has presented a petition to the Town for the acquisition and construction of the Project, the enactment of this Ordinance and the issuance of the Bonds.

(D) The Town has been awarded the EPA Grant by that certain EPA Assistance Agreement dated September 28, 1987, an SCB Grant awarded by letter dated May 25, 1988 and the KCC Grant by letter dated December 23, 1986. All grant awards are currently in full force and effect.

(E) It is further deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that the Project be acquired and constructed in accordance with the plans and specifications to be prepared by the Consulting Engineers, subject to the approval of the EPA, the issuance of a certificate of convenience and necessity by the PSC and specific authorization by a Supplemental Resolution.

(F) The estimated maximum cost of the construction of the Project is $2,229,236, of which approximately $222,304 will be permanently obtained from the proceeds of the Original Bonds herein authorized, approximately $1,022,450 will be obtained from the EPA Grant, approximately $750,000 will be obtained from the SCB Grant, and approximately $234,482 will be obtained from the KCC Grant. The Town may obtain such Other Grants and contributions from other sources as may be necessary to pay Costs of Project.

(G) It is deemed necessary for the Town to issue its Original Bonds in an aggregate principal amount not to exceed $250,000 to permanently finance the costs of acquisition and construction of the Project, including the cost of all property rights, easements, and franchises deemed necessary therefor; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and the placing of the same in operation, and the performance of the things therein required or permitted, in connection with any thereof; the cost of designing the Project; interest on the Original Bonds prior to, during and for six months after the estimated date of completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of the Original Bonds Purchaser, registrars, paying agents, depositories or other agents in connection with the issuance of the Original

Bonds; and such other expenses as may be necessary or desirable for said acquisition and construction of the Project and placing the same in operation and the financing authorized by this Ordinance; provided that reimbursement to the Town for any amounts expended by it for allowable costs of the Project prior to the issuance of the Original Bonds or the repayment of indebtedness incurred by the Town for such purposes shall be deemed costs of the Project.

(H) The period of usefulness of the System after completion of the Project will not be less than forty years.

(I) The estimated Gross Revenues to be derived in each year after the enactment of this Ordinance from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, provide an adequate reserve fund and an adequate renewal and replacement fund and pay the principal of and interest on the Original Bonds authorized to be issued pursuant to this Ordinance.

(J) The Town has no outstanding debt secured by the revenue of the System. Upon the issuance of the Original Bonds, the Town will grant the Original Bonds Purchaser a first lien on the Net Revenues of the System.

(K) The Town has complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, or will have so complied prior to issuance thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the PSC by final order not subject to appeal or rehearing.

(L) The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements.

(M) It is in the best interest of the Town and its inhabitants to qualify for the small governmental unit exception from the rebate provisions.

(N) The Town is a governmental unit with general taxing powers.

(O) The Original Bonds are not private activity bonds as defined in the Code.

(P) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Town.

(Q) The Town reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds)

issued by the Town and all subordinate entities thereof during the calendar year in which the Original Bonds will be issued, will not exceed $5,000,000. The Town reasonably expects to issue its Original Bonds, if any, in 1994.

(R) The Town shall not permit at any time any of the proceeds of the Bonds or other funds of the Town to be used directly or indirectly in an manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

(S) The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

(T) The Bonds will not be federally guaranteed within the meaning of the Code.

(U) The Town and all subordinate entities do not reasonably expect to issue more than $10,000,000 of tax-exempt obligations during the calendar year 1994, and hereby designate the Bonds as "Qualified Tax-Exempt Obligations" as defined in Section 265(b)(3)(B) of the Code.

Section 1.04. Ordinance Constituting Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Registered Owners, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds authorized to be issued hereunder all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SYSTEM

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications prepared therefor by the Consulting Engineers and on file with the Town Recorder; provided, that such plans and specifications, and the acquisition and construction of the Project in accordance therewith, are subject to the approval of the EPA, to the issuance by the PSC of a certificate of convenience and necessity and to specific authorization by the Council pursuant to a Supplemental Resolution.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bonds. For the purposes of paying the costs, not otherwise provided, of acquisition and construction of the Project, of paying certain costs of issuance and related costs, and, if authorized by Supplemental Resolution, of funding the Reserve Account or for providing for the interest during construction or both, and for such other purposes set forth in the Supplemental Resolution, there shall be issued the Original Bonds of the Town. The proceeds of the Original Bonds shall be applied as provided in Section 5.01.

Section 3.02. Terms of Original Bonds. The Original Bonds shall be originally issued in one or more series and in the form of a single bond for each, fully registered to the Original Bonds Purchaser, in the principal amount of not more than $250,000 as shall be set forth in the Supplemental Resolution. The Original Bonds shall be dated the date of delivery thereof; shall be designated as to series and number; shall bear interest at the rate per annum, not to exceed the maximum legal limit; shall bear interest payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Town shall prescribe in a Supplemental Resolution.

The Bonds shall payable as to both principal and interest, if any, at the office of the Paying Agent in any coin or currency which on the respective date of payment of principal and interest, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address that appears on the books of the Bond Registrar, or by such other lawful method as is acceptable to the Original Bonds Purchaser.

Bonds shall be exchangeable at the option and expense of the Registered Owner for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Original Bonds Purchaser shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued within the terms and restrictions hereinafter set forth as provided by a Supplemental Resolution and by the terms of the Loan Agreement.

Section 3.03 Additional Terms of Bonds. In addition to the terms set forth in Sections 3.01 and 3.02 hereof, and in anticipation of the sale of the Original Bonds to the Original Bonds Purchaser, the Town covenants that the Original Bonds shall comply in all respects with the provisions of the Loan Agreement, and of any resolution of the Original Bonds Purchaser authorizing the issuance of bonds pursuant to the Program.

Section 3.04 Execution of the Bonds. The Bonds shall be executed in the name of the Town by the manual or facsimile signature of its Mayor, and the seal of the Town shall be impressed thereon and attested by the manual or facsimile signature of the Recorder. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bond shall hold the proper office in the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer or registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting any of said Bond, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain Outstanding, the Bond Registrar shall keep and maintain books for the registration and transfer of the Bonds.

The Bonds shall be transferable only upon the Bond Register by the Registered Owner thereof in person or by its attorney or legal representative duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or such duly authorized attorney or legal representative.

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfer shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of said Bond Registrar incurred in connection therewith, which changes and expenses for any Bonds owned by the Original Bonds Purchaser, in the event of partial redemption of any bond or connection with the first transfer with any bond from the Original Bonds Purchaser thereof shall be paid the Town and, otherwise shall be paid by the Registered Owner requesting such transfer or exchange. The Bond Registrar shall not be obligated to make any such exchange or transfer of Bonds during the period beginning with the fifteenth day of the month preceding an interest payment date and ending on the date or, in a case of any partial redemption of Bonds during the fifteen days next preceding the date of the selection of Bonds to be redeemed.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may, in the discretion of the Council, issue, and the Bond Registrar shall authenticate and deliver a new Bond or Bonds of like tenor as the Bond or Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or Bonds, upon surrender and cancellation of such mutilated Bond or Bonds, or in lieu of and substitution for the Bond or Bonds destroyed, stolen or lost, and upon the Registered Owner's furnishing the Council proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Council may prescribe and paying such expenses as the Town may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Town. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Not to be Indebtedness of the Town. The payment of the debt service of all of the Original Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues, in the amount sufficient to pay the principal of and interest on the Bonds and to make the payments required into the Sinking Fund and the Reserve Account therein and the Renewal and Replacement Fund, all hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due. The Bonds shall not, in any event, be or constitute an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from Net Revenues and otherwise as provided herein. No Registered Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Town to pay the Bonds or the interest thereon.

Section 3.09. Form of Bonds. The text of the Original Bonds shall be in substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance, the Supplemental Resolution or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof:

[Form of Original Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF CEDAR GROVE
SEWER REVENUE BONDS
SERIES 1994

No. R-___ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF CEDAR GROVE, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on the first day of _____ each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum as set forth on said Exhibit A.

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of _____, and the 1st day of _____ in each year beginning _____, 19___. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated as of _____, 19__, between the Town and the Authority.

This Bond is issued (1) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter

referred to as the "System")[; (2) to pay interest on the Bonds during and for six months after completion of the Project; (3) to fund the Reserve Account, as hereinafter defined; and (4)] to pay certain issuance and related costs in connection therewith. This Bond is authorized and issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on the _____ day of _____, 1994, and supplemented thereby on the _____ day of _____, 1994 (collectively, the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is payable only from and secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance (the "Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds and other obligations which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall said Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of said System and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on the Bonds and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided, however, that so long as there exist in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and the reserve accounts for any obligations prior to or on a parity with the Bonds, are funded at the respective requirement therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to said Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

IN WITNESS WHEREOF, THE TOWN OF CEDAR GROVE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto impressed and attested by its Recorder, all as of the _____ day of _____, 1994.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Sewer Revenue Bonds, Series 1994, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

_____
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of the Original Bonds. The Original Bonds shall be sold to the Original Bond Purchaser pursuant to the terms and conditions of the Loan Agreement; provided, that the Town shall satisfy certain legal and other requirements of the Program; and provided further, that the form and execution of the Loan Agreement shall be approved by the Supplemental Resolution. The provisions of the Loan Agreement are specifically incorporated in this Ordinance.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Sinking Fund; and

(a) Within the Sinking Fund, the Reserve Account;

Section 4.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) From the Revenue Fund, the Town shall first each month pay the current Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Bonds on the next ensuing semiannual interest payment date.

(3) The Town shall also, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Bonds on the next ensuing principal payment date.

(4) If the Reserve Account was not funded with proceeds of the Bonds, the Town shall next from the Revenue Fund on the first day of each month commencing thirteen (13) months prior to the first date of payment of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120th of the Reserve Account Requirement; provided, that no further payment shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit, an amount equal to the Reserve Account Requirement. Once the Reserve Account has been funded with an amount equal to the Reserve Account Requirement the Town shall next remit to the Commission for deposit in the Reserve Account an amount equal to any deficiency of the Reserve Account Requirement. Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

(5) Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Sinking Fund and the Reserve Account shall be transferred, not less than once each year to the Bond Construction Trust Fund prior to completion of the Project and thereafter to the Revenue Fund.

(6) The Town shall not be required to make any further payments into the Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Sinking Fund and said Reserve Account is at least equal to the aggregate principal amount of and interest to come due on the Bonds issued pursuant to this Ordinance then Outstanding.

(7) From the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after completion of the Project deposit in the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of payments for account of the Reserve Account in the Sinking Fund. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, enlargements, emergency repairs, improvements and extensions to the System; provided, that any deficiency occurring in the Reserve Account shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

B. (1) As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments in said Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the Reserve Requirement.

(2) The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Town at the times provided herein.

(3) The payments into the Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amount required to be so transferred and retained and paid into the Sinking Fund, including the Reserve Account therein and the Renewal and Replacement Fund during the following month or such longer period shall be required by the Act, such excess shall be considered as surplus revenues and may be used for any lawful purpose of the System.

D. The Town shall remit from the Revenue Fund to the Commission, the applicable Registrar, Depository Bank or Paying Agent, on such dates as the Commission, the Registrar, Depository Bank or the Paying Agent, as the case may be, shall require, such additional sums as shall be necessary to pay the charges, fees and expenses of the Depository Bank, the Commission, the Registrar and the Paying Agent.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the law of the State for the Revenue Fund and the Renewal and Replacement Fund.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would

otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Application of Original Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Original Bonds, the following amounts shall be deposited as set forth below:

A. If required by the Supplemental Resolution the amount of the proceeds which shall be at least sufficient to pay interest on the Original Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund with the Commission; provided, that such period may not extend beyond the date which is (6) six months after the estimated date of completion of construction of the Project.

B. If required by the Supplemental Resolution, the amount of the proceeds which shall be at least sufficient to fund the Reserve Account Requirement shall be deposited in the Reserve Account with the Commission; provided, that such amount shall not exceed ten percent (10%) of the proceeds of the Original Bonds.

C. The remaining monies derived from the sale of the Original Bonds shall be deposited by the Town in the Bond Construction Trust Fund and applied to the Costs of the Project, including but not limited to payment of the cost of issuance.

Section 5.02. Bond Construction Trust Fund.

The Bond Construction Trust Fund shall be kept separate and apart from all other funds of the Town and used and applied by the Town solely for the payment of the Costs of Project which include but are not limited to the cost of the issuance of the Original Bonds as well as construction of the Project, as more fully set forth in Section 1.03(H), and for no other purposes whatsoever. Unless invested in Qualified Investments, the moneys in said fund shall be secured at all times by the deposit in such bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes shall be invested in Qualified Investments having maturities so as to enable the moneys to be available as deemed necessary by the Consulting Engineers and otherwise in accordance Article VIII hereof. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds, unless otherwise provided for in the Loan Agreement, (i) may be used for other capital construction or acquisition needs of the System during the period of three years of the issuance of the Bonds; (ii) thereafter, shall be used to make up any deficiency in the Reserve

Account or to fund the Reserve Account at the requirement therefor; and (iii) if the reserve account is fully funded and no deficiencies exist, shall be deposited by the Town in escrow with an escrow trustee and used to redeem Original Bonds at the first redemption date and, prior to, to pay the principal of the Original Bonds by depositing into Sinking Fund, an amount which bears the same ratio to the principal coming due in that year as the excess proceeds bore to the initial aggregate principal amount of the Original Bonds. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Owners of the Original Bonds.

Expenditures or disbursements by the Depository Bank from said Bond Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Bonds and repayment to the Authority of any Step I or Step II loans, shall be made only after such expenditures or disbursements shall have been approved in writing by the Sanitary Board and the Consulting Engineers.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Bond Reserve Account, and when fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of the Bonds be deposited in the Bond Reserve Account and any balance in excess of said amounts shall be returned to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI

ADDITIONAL COVENANTS OF THE TOWN

Section 6.01. General Covenants of the Town. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Town and shall be enforceable in any court of competent jurisdiction by any Registered Owner or Registered Owners of the Original Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Registered Owners of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds Not To Be Indebtedness of the Town. The Bonds shall not be nor constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the Net Revenues of the System, as herein provided or from the Grant Receipts, as herein provided, or from the net proceeds of the Original Bonds, as herein provided. No Registered Owner or Registered Owners of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized, and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance, to the payment of the principal of and interest on the Bonds herein authorized as the same become due, and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file in the office of the Recorder, each of which copies will be open to inspection by all interested parties. The rates and charges shall be effective as prescribed by the rules and regulations of the PSC. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the

Operating Expenses of the System and to make the prescribed payments into the funds and accounts created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Original Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Original Bonds; provided, however, in the event that an amount at least equal to or in excess of the Reserve Account Requirement is on deposit in the Reserve Account, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Original Bonds and any such prior or parity obligations.

Section 6.05. Completion, Operation and Maintenance. The Town will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Ordinance.

Section 6.06. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and the Town shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of the Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the Town by the Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System.

The foregoing provision notwithstanding, the Town shall have and hereby reserves the right to sell, lease or otherwise

dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $10,000, the Town shall first, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $10,000 but not in excess of $50,000, the Council shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, if it be advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Town to the Commission for deposit in the Sinking Fund and shall be applied only to the redemption or purchase, at prices not greater than the redemption price or, if not redeemable, par, of Bonds of the last maturities then Outstanding (upon receipt of approval of the Original Bonds Purchaser, if needed) or, otherwise to the Renewal and Replacement Fund. Such payments of such proceeds in the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amount required to be paid into said funds by other provisions of this Ordinance.

No sale, lease, or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom shall be in excess of $50,000 and insufficient to pay or redeem prior to maturity all the Bonds then Outstanding; provided, the prior approval and consent in writing of the Registered Owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds then Outstanding may be obtained for such purpose. The Town shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except Parity Bonds provided for in Section 6.08 hereof, payable from the revenue of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however that Parity Bonds may be issued as provided for Section 6.08. All obligations hereafter issued by the

Town payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 6.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant hereto, except under the conditions and in the manner herein provided.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements and betterments and to the System or refunding one or more series of Bonds issued hereunder or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than one hundred and fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(A) The Bonds then Outstanding;

(B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(C) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Town, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Town, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Town shall have entered into written contracts for the immediate acquisition or construction of such extensions, improvements and betterments to the System which are to be financed by such Parity Bonds.

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

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

Parity Bonds shall not be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Parity Bonds.

Notwithstanding the foregoing, the Town may issue Parity Bonds without compliance with any of the conditions set forth in Section 6.08 of this Ordinance for the purpose of refunding prior to maturity any issues or series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

With the written consent in advance of the Original Bonds Purchaser and anything to the contrary in Section 6.07 and in this Section 6.08 notwithstanding, Parity Bonds may be authorized and issued by the Town pursuant to a Supplemental Resolution solely to complete the Project as described in the Town's Program application to the Original Bonds Purchaser and in accordance with the plans and specifications, in the event that the Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that, prior to the issuance of such Parity Bonds and under the provisions of this paragraph, the Consulting Engineers shall file with the Recorder a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Original Bonds Purchaser.

Section 6.09. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of a Bond or Bonds issued and authorized pursuant to this Ordinance shall have the right at all reasonable times to inspect the System and all parts thereof, and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow generally accepted accounting practices to the extent allowed by the uniform system of accounts promulgated by the PSC. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner,

on the forms, books, and other bookkeeping records as prescribed by the Town. The Town shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Town shall be reported to such agent of the Town as the Council of the Town shall direct.

The Town shall file with the Consulting Engineers and the Original Bonds Purchaser, and shall mail in each year to any Registered Owner of Bonds requesting the same, an annual report containing the following:

A. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance with respect to said Bonds and the status of all said funds and accounts.

C. A statement of all new debt issued by the Town which is secured by a lien on the Net Revenues or Surplus Revenues of the System.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail the report of said Independent Certified Public Accountant to the Authority and, upon request, to any Registered Owner or Registered Owners of the Bonds. The report of said audit shall include a statement that the Town is in compliance with the terms and provisions of the Loan Agreement and this Ordinance.

Section 6.10. Operating Budget. The Town shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within thirty (30) days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Council shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon further certificate of the Consulting Engineers that such increased

expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Bonds Purchaser and to any Registered Owner of any Bond, as the case may be, who requests in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Registered Owner of any Bond, as the case may be, or anyone acting for and in behalf of such Registered Owner.

Section 6.11. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and, in the event the Town or any department, agency, instrumentality, officer or employee of the Town shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.12. Enforcement of Collections. The Town will diligently enforce and collect all fees, rentals, or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the laws of the State, and the rules and regulations of the PSC. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

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

The Town further covenants and agrees that it will, to the full extent permitted by law, and the rules and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System and, in the event the Town owns a water facility (the "Water System"), the Water System to all users of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until

all delinquent charges for the services of the System have been paid in full or, if the water system is not owned by the Town, the Town will enter into a similar termination agreement with the provider of such water.

Section 6.13. Insurance. The Town will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Town will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, so long as the Authority is the Owner of the Original Bonds. The Town will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Town, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement during construction of the Project in the full insurable value thereof. In time of war, the Town shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Town will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Town shall carry such other insurance as is required by the Authority, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Town.

Section 6.14. No Competing Franchise. To the extent allowable by law, the Town will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality, for the providing of any services which would compete with services provided by the System.

Section 6.15. Connections. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

Section 6.16. Public Purpose Bonds. The Town shall use the Bond proceeds solely for the Project and as otherwise set forth

herein, and the Project will be solely operated as a public purpose and as a local governmental activity of the Town.

Section 6.17. Private Activity Bond Covenant. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as 'private activity bonds' within the meaning of the Code. The Town will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

Section 6.18. Filing Covenant. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 6.19. Federal Guarantee Covenant. The Bonds, in whole or in part, are not, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 6.20. Rebate Covenant. The Town is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the System as covenanted pursuant to Sections 6.16 and 6.17, the Original Bonds are not private activity bonds within the meaning of the Code, and 95% or more than the net proceeds (as filed with respect to Code) of the Original Bonds will be used for local governmental activities of the Town. The Town and all subordinate entities reasonably expect to issue less than $5,000,000 in aggregate principal amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1994, in which the Original Bonds, if any, are to be issued. Therefore, the Town believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Town is in fact subject to such rebate requirement, the Town hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

Section 6.21. Further Actions. The Town will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation,

those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 6.22. Covenant to Amend Ordinance. The Town retains the right to make any amendments, insertions or deletions by Supplemental Resolutions of this Ordinance as the Town deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions or deletions to comply with the Code. Notwithstanding the provisions of Section 12.01 hereof, the Town shall without consent of the Registered Owners of the Bonds, amend or supplement this Ordinance by resolutions supplemental hereto or any amendatory ordinance to comply with the Code if such amendment or supplement is necessary to preserve the tax-exempt status of the Bonds. The Council of the Town hereby retains the specific authority to amend this Ordinance or supplement it by resolution to comply with the Code. In its determination to amend or supplement this Ordinance, the Council of the Town may rely on the opinion of a nationally recognized bond counsel.

The Town also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Ordinance as the Town deems necessary prior to the issuance of the Bonds to meet the requirements of the Original Bonds Purchaser.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds;

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance the Supplemental Resolution or in the Bonds and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

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

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and in particular (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Town to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates of changes for services rendered by the System (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the ordinance with respect to the Bonds, or the rights of such Registered Owners.

Section 7.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof and performing any construction necessary for the System. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds either at the specified date of maturity thereof or at a date set for

redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the Town of such default, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and Registered Owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but

the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and Registered Owners, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the Systems.

ARTICLE VIII

INVESTMENTS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as otherwise provided, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including but not limited to those in the Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The Town covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Original Bonds which would cause the Original Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Original Bonds) so that the interest on the Original Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Gross Proceeds Certificate. The Town shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Town qualifies for the small governmental issue exception to rebate, or any other exception therefrom then the Town shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to rebate. The Town shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "Gross Proceeds" of the Bonds (as defined in the Code.)

Section 8.04. Restriction of Yield and Bond Proceeds. The Town shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Bonds. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the owners of all Bonds the principal thereof, and redemption premium, if applicable, and any interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then, at the option of the Town expressed in an instrument in writing approved by Town Council, and delivered to the Paying Agent, the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Town to the Registered Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent and the Commission shall, upon the request of the Town, execute and deliver to the Town all such instruments as may be desirable to evidence such discharge and satisfaction, and any fiduciaries shall pay over or deliver to the Town all moneys, securities and funds held by them pursuant to this Ordinance which are not required for the payment of redemption.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if in case any of said Bonds are to be redeemed on any date prior to their maturity, the Town shall have given to the Commission in form satisfactory to its irrevocable instructions to publish notice of redemption on said date of such Bonds and if there shall have been deposited with the Commission or its agents, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due (whether by maturity or redemption) the principal installments and interest due and to become due on said Bonds on and prior to the maturity or redemption dates, as applicable thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest

payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Town, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations and Advance-Refunded Municipal Bonds. Also for the purposes of this section, the Commission may act as agent.

Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Commission or any of its agents in trust for the payment and discharge of any of the Bonds which have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by Commission at such date, or for six years after the date of deposit of such moneys if deposited with the Commission after the said date when such Bonds became due and payable, shall, at the written request of the Town, be repaid by the Commission to the Town, as its absolute property and free from trust, and the Commission shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Town for the payment of such Bonds; provided, however, that before being required to make any such payment to the Town, the Commission shall, at the expense of the Town, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Town.

ARTICLE X

MISCELLANEOUS

Section 10.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance or resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of sixty-six and two-thirds percent (66 2/3%) or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal and interest out of the revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 10.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.04. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed.

Section 10.05. Covenant of Due Procedure. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council of the Town were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 10.06. Effective Date. This Ordinance shall take effect after notice and public hearing hereon in accordance with the Act.

First Reading: June 14, 1994

Second Reading and Passage: June 28, 1994

Public Hearing: July 12, 1994

Effective Date: July 12, 1994

[SEAL]

Mayor

Recorder

ABB045E2

EXHIBIT A

The Project consists of construction of collector sewers to serve the unsewered portions of Kellys Creek and other areas of the Town, interceptor sewers to separate portions of the combination sewer system decreasing the flooding of combined sewerage, a pump station and force main to convey 188,000 pgd or less to the Chelyan Public Service District (the "District") for treatment, participation in the cost of the District's treatment plant upgrade - all work to be performed while existing customer service is maintained - all in accordance with WVDNR Consent Decree Action #88-C-611 and necessary appurtenances thereto.

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

June 28, 1994

The meeting of the Town Council was held Tuesday, June 28, 1994. The meeting was held at 7:00 p.m. in the Town Hall. The meeting was called to order by Mayor Cooke.

Roll Call:	Mayor	Roger A. Cooke	Present
	Recorder	Carolyn Bennett	Present
	Council	Michael Coleman	Absent
		Tim Easterday	Present
		James Hudnall	Absent
		Kent Stanley	Present
		Clayton Young	Present

Council agreed to accept the minutes as presented. Finance report was read and shown. Bills were passed around for the Council to approve. A check book balance was given on all accounts.

Recorder told the Council that we have received several calls concerning the water tank. Also, Jerry Dixon is going to give us a price on building a 16X20X12 building behind the water plant.

Kenneth Fridley was present and asked if he could do some burning on the river bank area. There is a lot of trash and brush that needs to be burned. The Mayor told him to talk to John Smoot and get a burning permit.

Roger White was also present and wanted to discuss the pumping station that will be located near his home. He is afraid of the odor that may come from the station. This would lower the value of his home. This was discussed by the Council and the Mayor told him who to call for more information.

Sammie Gee was present to read and discuss any questions concerning the sewer bond ordinance. This was the ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING SEWER SYSTEM OF THE TOWN OF CEDAR GROVE, WEST VIRGINIA AND THE FINANCING OF THE COSTS THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF CEDAR GROVE OF NOT MORE THAN $250,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF THE BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO. This was a second reading on the ordinance. Councilman Easterday moved for the adoption of the ordinance. The motion was seconded by Councilman Stanley. Motion carried.

Sammie Gee introduced a resolution pertaining to the bond ordinance determining that such abstract contains sufficient information as to give notice of the contents of said ordinance; and directing the publication of such abstract, together with said notice. A copy of the resolution was given to each council member. After further discussion council moved to adopt the resolution. Motion was made by Councilman Young and seconded by Councilman Stanley. Motion carried and the resolution was adopted.

Councilman Young introduced, read, and moved for the adoption of a resolution whereby the Council of the Town of Cedar Grove approved the obtaining of a loan from City National Bank of Charleston in the principal amount of $250,000.00, the proceeds of which are to be used for interim financing of the proposed sewage treatment program on the terms set out in a letter from the Bank dated June 21,1994 with one minor exception. The motion was seconded by Councilman Stanley. A discussion of the resolution ensued in which it was explained that the various funds which have been committed to the sewer system improvement program by various government agencies will, in most part, not be available until the completion of construction. It is accordingly necessary to have a source of funds which can be used to defray the cost of the program during the construction period. It is for that purpose that the loan from the City National Bank has been negotiated. Under the loan terms, draws will be made against the $250,000.00 maximum as needed during project construction. A copy of the resolution is attached to, and is hereby made a part of these minutes.

The Mayor called for a vote upon the last above mentioned; whereupon, the motion as passed and the resolution was adopted, by the unanimous vote of the Council.

Mayor told the Council that Officer Perdue is now working for the Montgomery Police Department. But he will work part time for us if needed. Council agreed to review the application of Todd Webb. After discussion, Council agreed to hire Todd Webb. He will be paid $5.00 per hour.

We now have nine people working on the summer program. Councilman Young would like to get some yellow traffice paint and have the workers do some painting. Also, grass needs to be cut and the streets need to be swept.

Council agreed that we should get something going on the Mammoth Water project.

Councilman Young wanted to see the water list. A list was given to him and passed around for the Council to review.

Councilman Easterday would like to have some new signs for the Town. He would like to have 8 stop signs and 1 dead end sign. Also, there are several mobile homes in Town that need to be underpinned.

Council would like for the Police to enforce the building permit code. Also, they would like for the Police to check on the street lights to see if all of them are burning.

Officer Vaughn told the Council that the teple was left open on Saturday. Mayor said that he called and left a message on their answering machine.

Officer Vaughn will have new tires put on both police cars. Officer Vaughn was talking with the E. H. Hughes Co. about the bridge work. Mr. Hughes said that he may have to make some changes on the sewer lines. Officer Vaughn told him to call the Mayor.

Councilman Stanley discussed with the Council about paying Joe Burdette for driving the garbage truck for two days. Council agreed to pay Mr. Burdette for 16 hours at $6.50 per hour.

There being no further business, the meeting was adjourned by the Mayor.

Roger A. Cooke

Roger A. Cooke, Mayor

Carolyn Bennett

Carolyn Bennett, Recorder

BE IT RESOLVED by the Common Council of the Town of Cedar Grove, West Virginia (the "Town") as follows, to-wit:

1. The Town shall consummate a loan from City National Bank of Charleston, West Virginia (the "Bank") in the principal amount of $250,000.00, the proceeds from which shall be used in payment of interim construction costs to be incurred in the Town's pending waste-water treatment facilities project, which loan, except as specified in Paragraph 2 of this Resolution, shall be made upon the terms set forth in a letter from the Bank, signed on its behalf by Jack Cavender, Senior Vice President, addressed to Mayor Roger Cooke, Town of Cedar Grove, dated June 21, 1994, which letter is for all purposes embodied herein by reference, and, except as otherwise provided in Paragraph 2 of this Resolution, the terms of which loan as contained in such letter are hereby approved and confirmed by the Town as borrower.

2. Subject to such commitments as shall be made with reference to the use and application of the receipts of the Sanitary Board of the Town of Cedar Grove, West Virginia in a revenue bond ordinance introduced at a meeting of the Council of said Town held on the 14th day of June, 1994 and adopted at a meeting of such Council held on the 28th day of June, 1994, the accounts receivable of the Town's Sanitary Board shall be pledged as a first lien security interest to secure the repayment of the said loan, and the Sanitary Board of the Town is hereby instructed to take such action as shall be appropriate to carry into effect the provisions of this paragraph. To the extent, but only to the extent, of the bond ordinance commitments referred to in the first sentence of this paragraph, the terms of the aforesaid loan as contained in the above-mentioned letter of City National Bank dated June 21, 1994, are modified and, to such extent, are excluded from the commitments of this Resolution.

3. Roger A. Cooke, as Mayor, and Carolyn Bennett, as Recorder, of the Town be, and they hereby are, authorized and directed to take all action on behalf of the Town as shall be appropriate to consummate the said loan and to carry out all terms and conditions thereof and, on behalf of the Town, to execute all documents which shall be necessary or appropriate in connection with the said loan and the use and application of the proceeds thereof, including, without limitation, the execution of forms for request of loan advances and checks and other documentation relating to the bank account maintained by the Town at the Bank through which loan disbursements are to be made.

CERTIFICATION

I, Carolyn Bennett, Recorder of the Town of Cedar Grove, West Virginia, do certify that the foregoing is a true and accurate copy of a resolution which was adopted by the Common Council of said Town, by the unanimous affirmative vote of the Council, at a regular meeting of said Council held on the 28th day of June, 1994, a quorum having been present at said meeting and acted on the adoption of said resolution.

Given under my hand and the municipal seal of the Town of Cedar Grove, West Virginia, this 28 day of June, 1994.

Carolyn Bennett

Carolyn Bennett, Recorder

Introduced in Council: Introduced by:

June 28, 1994 Mayor Cooke

Adopted by Council:

June 28, 1994

A Resolution finding that a Bond Ordinance was adopted by the Council of The Town of Cedar Grove, West Virginia, on June 28, 1994, authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing sewer system of The Town of Cedar Grove and the financing of the costs thereof, not otherwise provided, through the issuance by The Town of Cedar Grove of not more than $250,000 in aggregate principal amount of Sewer Revenue Bonds; defining and prescribing the terms and provisions of the Bonds; providing for the rights and remedies of and security for the Registered Owners of the Bonds; and adopting other provisions related thereto; finding that an abstract of said Bond Ordinance, together with a notice that said Bond Ordinance has been adopted, that The Town of Cedar Grove contemplates the issuance of the Bonds all as described in said Bond Ordinance, and that any person interested may appear before the Council of The Town of Cedar Grove upon a certain date and present protests, must be published; reviewing the abstract prepared on behalf of the Recorder and determining that such abstract contains sufficient information as to give notice of the contents of said Ordinance; and directing the publication of such abstract, together with said notice.

WHEREAS, the Council of The Town of Cedar Grove, West Virginia (the "Council"), on June 28, 1994, adopted a Bond Ordinance authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing sewer system of the Town of Cedar Grove (the "Town") and the financing of the costs thereof, not otherwise provided, through the issuance by the Town of not more than $250,000 in aggregate principal amount of Sewer Revenue Bonds (the "Bonds"); defining and prescribing the terms and provisions of the Bonds; providing for the rights and remedies of and security for the Registered Owners of the Bonds; all as more fully set out therein (said Bond Ordinance is hereinafter referred to as the "Ordinance");

WHEREAS, Chapter 16, Article 13, Section 6 of the Code of West Virginia, 1931, as amended (the "Act") requires that an abstract of the Ordinance, together with a notice that the Ordinance has been adopted, that the Town contemplates the issuance of the Bonds, all as described in the Ordinance, and that any person interested may appear before the Council upon a certain date and present protests, be published; and

WHEREAS, the Act further requires that such abstract of the Ordinance be determined by the Council to contain sufficient information to give notice of the contents of the Ordinance; and

WHEREAS, the Recorder presented to this meeting an abstract of the Ordinance (the "Abstract"), together with a notice as described above (the "Notice"), as hereinafter set forth; and

WHEREAS, the Council of the Town has reviewed the Abstract and has found and determined that such Abstract contains sufficient information as to give notice of the contents of the Ordinance;

NOW, THEREFORE, Be It Resolved by the Council of The Town of Cedar Grove, West Virginia, as follows:

1) It is hereby found and determined that the Ordinance was duly adopted by the Council at its meeting held on June 28, 1994, and that the Act requires that the Abstract, together with the Notice, be published.

2) The Abstract, together with the Notice as prepared on behalf of the Recorder in the following form and substance, contains sufficient information as to give notice of the contents of the Ordinance:

ABSTRACT OF ORDINANCE AND NOTICE OF PUBLIC HEARING

Notice is hereby given to any person interested that on June 28, 1994, the Council of The Town of Cedar Grove, West Virginia, adopted an ordinance that:

1. Determined that it is necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be acquired and constructed certain extensions, improvements and betterments to the existing sewer system of the Town, (the "Project") (the existing sewer system, together with the Project and any further extensions, improvements and betterments thereto, are hereinafter referred to as the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers. The estimated cost of the construction of the Project is $2,229,236, of which approximately $250,000 will be permanently obtained from the proceeds of the Bonds, and approximately $1,022,450 will be obtained from a United States Environmental Protection Agency Grant, approximately $750,000 will be obtained from a Small Cities Block Grant, and approximately

$234,482 will be obtained from a Kanawha County Commission Grant.

2. Upon petition of the Sanitary Board of the Town, the Town authorized the acquisition and construction of the Project and the financing of the costs, not otherwise provided, for the Project through the issuance of not more than $250,000 in aggregate principal amount of Sewer Revenue Bonds (the "Bonds").

3. Pledged to payment of the Bonds the net revenues of the System and provided that the Bonds shall have a lien on the net revenues of the System.

4. Provided for the sale of the Bonds to the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and conditions of the loan agreement to be entered into between the Town and the Authority.

5. Authorized the establishment of a Revenue Fund and a Renewal and Replacement Fund and provided for the disposition of System revenues; provided for the payment of operating expenses; provided for the monthly deposit of funds into the respective Sinking Funds for the payment of principal of and interest on the Bonds; provided for the creation of Reserve Account for the Bonds, and provided for the use of excess funds of the System.

6. Provided for the disbursement of Bond proceeds; created the Bond Construction Trust Fund to hold the Bond proceeds pending their use for Project costs; and provided for the disposition of excess Bond proceeds.

7. Provided that the Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the funds pledged for such payment from the sources described in the Ordinance.

8. Required that the rates and charges for the System always be adequate to produce gross revenues from the System sufficient to pay the

operating expenses of the System, provide adequate reserve accounts and to make the prescribed payments into the funds and accounts created under the Ordinance, and, specifically, that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation, repair and maintenance of the System and leave a balance each year equal to at least 115% of the maximum principal and interest due on the Bonds, and any other bonds prior to or on a parity with each series of Bonds in any year.

9. Provided that the Project will be expeditiously completed in accordance with the plans and specifications prepared by the Consulting Engineers and that the Town will maintain the system in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner.

10. Provided for the sale, mortgage or lease of the System under certain terms and conditions as set forth in the Ordinance.

11. Authorized the issuance of additional bonds on a parity with the Bonds only upon compliance with certain terms and conditions of the Ordinance.

12. Provided that the Town will render no free service; provided for the enforcement of connection and collection of fees, rates, rentals or other charges for service and provided for discontinuance of service for nonpayment of fees, rates, rentals and other charges of the System; and provided for insurance coverage on the System.

13. Provided for the investment of the Bond proceeds and limitations thereon, which would result in the Bonds being excluded as "private activity bonds" and provided for the filing of statements and returns necessary to assure the exclusions of interest from gross income for federal income tax purposes.

14. Established the terms for defaults and the remedies upon default; provided for the security for and rights and remedies of the

owners of the Bonds, including the appointment of a receiver.

15. Provided for the covenants against making the Bonds "arbitrage bonds" and directed that the Town deliver a certificate of arbitrage, a tax certificate or similar certificate relating to the payment of arbitrage rebate.

16. Provided for the method of defeasing the Bonds and provided a restrictive method of modification or amendment of the Ordinance.

The Town contemplates the issuance of the Bonds described in, and under the conditions set forth in, the Ordinance abstracted above. Any person interested may appear before the Council of The Town of Cedar Grove at a meeting thereof at 7:00 p.m., prevailing time, on Tuesday, July 12, 1994, in the Council Chambers in the Town Hall, 302 Alexander Street, Cedar Grove, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the Town on June 28, 1994, is on file in the office of the Town Recorder for review by interested persons during the regular office hours of such office, to-wit: 9:00 a.m. to 4:00 p.m., Mondays through Fridays.

Carolyn Bennett, Recorder
The Town of Cedar Grove, West Virginia

3) The Town Recorder, as provided in the Notice, shall maintain in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office.

4) The Council of the Town, as provided in the Notice, shall meet on Tuesday, July 12, 1994, at 7:00 p.m., prevailing time, in Council Chambers in the Town Hall, 302 Alexander Street, Cedar Grove, West Virginia, for the purpose of hearing all objections and suggestions regarding whether the Ordinance shall be put into effect.

5) The Town Recorder is hereby authorized and directed to cause the Abstract, together with the Notice, to be published as a Class II legal advertisement in The Charleston Gazette and Charleston Daily Mail, newspapers of general circulation in the Town, and the first publication of such Abstract and Notice shall be not less than ten days before the date set aforesaid at which interested persons may appear before the Council of the Town and

present protests, and the last publication of such Abstract and Notice shall be prior to said date set aforesaid.

6) At such hearing, all objections and suggestions shall be heard, and the Council of the Town shall take such action as it shall deem proper in the premises; provided, however, that, if at such hearing written protest is filed by thirty percent (30%) or more of the owners of real estate situate in the Town, then the Council of the Town shall not take further action unless four-fifths (4/5) of the qualified members of said Council assent thereto.

7) This Resolution shall take effect immediately upon adoption.

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

Mayor

[SEAL]

Town Recorder

ABB041E8

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

July 12, 1994

The meeting of the Town Council was held Tuesday, July 12, 1994. The meeting was held at 7:00 p.m. in the Town Hall. The meeting was called to order by the Recorder.

Roll Call:	Mayor	Roger A. Cooke	Present
	Recorder	Carolyn Bennett	Present
	Council	Michael Coleman	Present
		Tim Easterday	Present
		James Hudnall	Present
		Kent Stanley	Present
		Clayton Young	Present

Council agreed to accept the minutes as presented. Finance report was read and shown. Bills were passed around for the Council to approve. A check book balance was given on all accounts.

A notice was published in the paper on July 1st and July 8th notifing the public that there would be a public meeting tonight concerning the sewer bond ordinance. Sammi Gee from Jackson and Kelly Law Firm was present to conduct the meeting and answer any questions. Several people were present for the meeting. Harry Hager asked several questions and Sammi Gee showed him the figures on the sewer project. Also, Dave Shultz tried to explain the project to him. Jim Ellis was also present and wanted to know when the project was going to start. Dave Shultz explained in detail why it took so long to get the project started. After further discussion and no one else had any question to be answered the public meeting was adjourned.

Sammi Gee gave a third reading on the sewer bond ordinance. This was the ordinance authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing sewer system of the Town of Cedar Grove, West Virginia and the financing of the costs thereof, not otherwise provided, through the issuance by the Town of Cedar Grove of not more than $250,000 in aggregate principal amount of sewer revenue bonds; defining and prescribing the terms and provisions of the bonds; providing for the rights and remedies of and security for the registered owners of the bonds; and adopting other provisions related thereto. Motion to enact the ordinance was made by Councilman Easterday and seconded by Councilman Young. Roll call vote: Councilman Coleman (yes), Councilman Hudnall (yes), Councilman Stanley (yes), Mayor (yes), Recorder (yes). This was a third reading and the ordinance is now in effect.

A copy of the License Agreement by and between the Public Land Corporation and the Town of Cedar Grove was studied by the Council. This agreement grants the Town of Cedar Grove permission to construct, replace, cover, repair, operate, maintain, use, and remove a one and one half (1½) inch plastic pipeline and an eight (8) inch sewer pipeline at five locations across, through and under Horsemill Branch of Kellys Creek and Kellys Creek of Kanawha River in the Town of Cedar Grove of Kanawha County, West Virginia. Councilman Young introducted and moved for the adoption of the following resolution: Be IT RESOLVED by the Common Council of the Town of Cedar Grove, West Virginia, as follows:

1. The Council does hereby approve, and authorize the Town to enter into, a License Agreement with State of West Virginia, Department of Commerce, Labor and Environmental Resources, Division of Natural Resources, Public Land Corporation whereby the Public Land Corporation licenses the Town, as Licensee, to construct and maintain a one and one-half (1½) inch and an eight (8) inch sewer line at each of five (5) locations across and through Horse Mill Branch and Kellys Creek in the Town of Cedar Grove as embodied in a License Agreement dated the 26th day of April, 1993.

2. Carolyn Bennett, as Recorder of the Town, is hereby authorized and directed to sign the said License Agreement in duplicate on behalf of the Town and to affix the municipal seal of the Town hereto.

The motion for the adoption of the resolution was seconded by Councilman Hudnall and after discussion was passed unanimously.

James Asbury came to the meeting and told the water plant operator that he was having a problem with his water at Mile Branch. After checking on the problem Mr. Barton told the Fire Department to conserve on the water. We are in the process of having one of our tanks painted and we only have water in one tank at this time. Kevin Bess was present and told the Council that he and his department was not aware of this problem. He would like for someone to leave him a message the next time. Mr. Barton told him that he was sorry and the next time we have to drain a tank, his department will be told.

Mr. Barton told the Council that we received three bids on painting the water tank. The first bid was from Beach Painting Service and was for the amount of $18,539.40. The second bid was from Pittsburg Tank and Tower Co. and was for the amount of $12,500.00. The third bid was from Weilding Corp. and was for $13,300.00. After further discussion and review Council agreed to accept the bid from Weilding Corp. Motion was made by Councilman Stanley and seconded by Councilman Young. Motion carried.

Councilman Easterday discussed the water list. He also wanted to

know about the permits and B & O Taxes for the bridge work. The Mayor said that he would call the E. H. Hughes Company again.

Councilman Coleman would like for the Police to check on the building permits of people doing work in this Town.

The revision of the 1994-1995 check book balance for the General Fund and the Coal Tax Fund was discussed by the Council. The following resolution was offered by the Recorder. That subject to approval of the State Tax Commissioner the Cedar Grove Council does hereby direct that the budget be revised prior to the expenditure of obligation of funds for which no appropriation or insufficient appropriation currently exits, as shown on budget revision number 1, a copy of which is entered as part of this record. The adoption of the foregoing resolution having been moved by Councilman Hudnall, and duly seconded by Councilman Young, the vote thereon was as follows: Kent Stanley - (yes), Michael Coleman - (yes), Timothy Easterday - (yes). Motion carried and the resolution was adopted.

There being no further business, the meeting was adjourned by the Mayor.

Roger A. Cooke, Mayor

Carolyn Bennett, Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

July 26, 1994

The meeting of the Town Council was held Tuesday, July 26, 1994. The meeting was held at 7:00 p.m. in the Town Hall. The meeting was called to order by the Recorder.

Roll Call:	Mayor	Roger A. Cooke	Absent
	Recorder	Carolyn Bennett	Present
	Council	Michael Coleman	Present
		Tim Easterday	Present
		James Hudnall	Present
		Kent Stanley	Present
		Clayton Young	Present

Council agreed to accept the minutes as presented. Finance report was read and shown. Bills were passed around for the Council to approve. A check book balance was given on all accounts.

A RESOLUTION SUPPLEMENTING THE BOND ORDINANCE ADOPTED BY THE COUNCIL OF THE TOWN OF CEDAR GROVE ON JUNE 28, 1994, PROVIDING FOR THE EFFECTIVE DATE OF SAID ORDINANCE AND PROVIDING AS TO DATE, SERIES, INTEREST RATE, MATURITIES, SALE PRICE, REDEMPTION PROVISIONS AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1994, OF THE TOWN OF CEDAR GROVE; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; DESIGNATING THE DEPOSITORY BANK, BOND REGISTRAR AND PAYING AGENT IN CONNECTION WITH SAID BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS, was introduce to the Council by Sammie Gee. The resolution was read and explained. Councilman Young moved to adopt the resolution. The motion was seconded by Councilman Hudnall and, after discussion, was unanimously passed.

Ms. Gee told the Council that the closing date for the sewer project will be August 22, 1994 at 11:00 a.m. A deposit will be made in the City National Bank.

Councilman Stanley wanted to know if the Police Car was taken to Turnpike Ford to be repaired. Officer Vaughn said that he was not told to take the car. Councilman Easterday said that he does not like to see the car running in front of the Town building with no one around. This has happened several times. Also, the oil should be changed in the car every thirty days.

Councilman Easterday would like for the curfew to be enforce. He saw a child on the street a 1:15 a.m. the other morning.

Councilman Stanley told Officer Vaughn to go ahead and take the car to Turnpike Ford to be repaired. Officer Vaughn also told the Council that the black car will not stay charge. They are having a time trying to keep the car running.

Council discussed the bridge at Big Mountain. The bridge is in need of repair. The State does not want to fix the bridge. The last time the bridge was repaired it was done by Darrell Keenan.

Councilman Easterday would like for the basketball rims to be lower. They are too high.

Councilman Young would like to make a motion to take action on all the old houses that need to be torn down. Motion was seconded by Councilman Easterday. Also, several old cars need to be removed from the streets and yards. Roll Call Vote - Coleman-yes, Hudnall-yes, Stanley-yes, Bennett-no. Motion carried.

Councilman Hudnall would like for Chief Buttrick to talk to John Smoot about blowing the fire whistle for the curfew at 11:00 p.m. each night.

Council agreed that they would like for the police to enforce the ~~contractors licenses~~. building Permits.

Councilman Young said that he would like to do something about the doors on the Town Hall. They are in bad shape. We need some new doors.

Councilman Easterday gave a list of account numbers that he would like for the meters to be removed. Payment must be made or the meters will come out. Account numbers were 435,500,640,965,1100, 1875, and 2940.

There being no further business, the meeting was adjourned by the Recorder.

Roger A. Cooke

Roger A. Cooke, Mayor

Carolyn Bennett

Carolyn Bennett, Recorder

TOWN OF CEDAR GROVE

Phone: East Bank 595-1841

CEDAR GROVE, WEST VIRGINIA 25039

August 9, 1994

The meeting of the Town Council was held Tuesday, August 9, 1994. The meeting was held at 7:00 p.m. in the Town Hall. The meeting was called to order by Mayor Cooke.

Roll Call:	Mayor	Roger A. Cooke	Present
	Recorder	Carolyn Bennett	Present
	Council	Michael Coleman	Absent
		Tim Easterday	Present
		James Hudnall	Present
		Kent Stanley	Present
		Clayton Young	Absent

Council agreed to accept the minutes after an error was corrected in the minutes. Councilman Stanley brought to the attention of the Council that the minutes should have read, Council agreed that they would like for the police to enforce the building permits not the contractors licenses. The contractors licenses will be enforced by the State.

Finance report was read and shown. Bills were passed around for the Council to approve. A check book balance was given on all accounts.

Mayor discussed with the Council the bridge work that is being done on route 60. We will not be able to collect the building permit fee from the company that is doing the work. Mayor has checked with Mr. Good and there is a new law that was passed in September of 1992 that contractors that are doing road and bridge work do not have to buy a building permit from the town.

A resolution changing the registrar of the revenue bonds to be issued as a part of the project was introduced and read by the Mayor. This resolution designates One Valley Bank of Charleston as registrar of the bonds, and, to that extent, will modify the ordinance previously enacted. After further discussion Council moved to adopt the resolution. Motion was made by Councilman Easterday and seconded by Councilman Hudnall. Vote call was given: Stanley - yes, Cooke - yes, and Bennett - yes. Motion carried and the resolution was adopted.

AN ORDINANCE AUTHORIZING THE TEMPORARY FINANCING OF THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING SEWER SYSTEM OF THE TOWN OF CEDAR GROVE, WEST VIRGINIA AND THE FINANCING OF THE COSTS THEREOF, NOT OTHERWISE PROVIDED THROUGH THE ISSUANCE BY THE TOWN OF CEDAR

GROVE OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF CREDIT LINE NOTES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE CREDIT LINE NOTE; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF THE CREDIT LINE NOTE; AND ADOPTING OTHER PROVISIONS RELATED THERETO was introduced and read to the Council by the Mayor. This was a first reading on the ordinance.

Mayor discussed with the Council about a problem on Williams Street. Several people are reporting that sewer gas is coming up in their houses. Mayor said that the new sewer system may help this problem. He will check with Terry Myers and try to see what can be done. The sewer project was discussed by the Council.

Mayor told the Council that he has been talking with the man from Valley Camp about leasing the property at the ball field and the park area. They are in the process of writing a lease agreement for the Town. Councilman Stanley discussed with the Council about building some type of walkway across the tracks on Alexander Street.

Council would like for Chief Buttrick to ask the Fire Department if they would blow the whistle at 11:00 p.m. for the curfew each night.

Officer Vaughn told the Council that if the Town would happen to send a man to the academy we would have to pay $500.00. They have no funds for this program now.

Councilman Stanley asked the Council if anyone knew when Councilman Coleman was going to resign. No one could give an answer.

Councilman Stanley said that the Town needs to buy a good drill. Councilman Stanley said that he will try to purchase one for the Town.

Councilman Stanley said that we need to try to finance another water tank for the Town. We need to have extra water storage.

Also, Councilman Stanley would like for the trash behind the water plant to be picked up. This does not look good around the water plant if the Health Department should come for an inspection. Councilman Stanley also pointed out that the water plant needs to be painted. The inside walls are in need of some paint. The work could be done by the water plant operators in their spare time.

There being no further business, the meeting was adjourned by the Mayor.

Roger A. Cooke

Roger A. Cooke, Mayor

Carolyn Bennett

Carolyn Bennett, Recorder

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

MINUTES ON THE ADOPTION OF THE THIRD SUPPLEMENTAL RESOLUTION

I, Carolyn Bennett, Recorder for The Town of Cedar Grove, West Virginia (the "Town"), hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the Council of said Town held September 1, 1994 (a copy of the notice is attached hereto and incorporated herein):

The Council of the Town met in special session, at the Town Hall in Cedar Grove, West Virginia, at 6:30 p.m., prevailing time.

Present: Roger A. Cooke - Mayor;

Carolyn Bennett - Recorder;

Tim Easterday - Council Member;

James Hudnall - Council Member;

Kent Stanley - Council Member; and

Clayton Young - Council Member.

Also present was Samme L. Gee of Jackson & Kelly, Bond Counsel and Dave Shultz, Project Coordinator.

Roger A. Cooke, Mayor, presided and Carolyn Bennett, acted as Recorder.

The Mayor announced that a quorum of council members was present and that the special meeting was open for the business properly before it.

Thereupon, the Mayor presented a Supplemental Bond Resolution in writing entitled:

THIRD SUPPLEMENTAL RESOLUTION SUPPLEMENTING THE BOND ORDINANCE ADOPTED BY THE COUNCIL OF THE TOWN OF CEDAR GROVE ON JUNE 28, 1994, AS SUPPLEMENTED BY SUPPLEMENTAL RESOLUTIONS ADOPTED ON JULY 26, 1994 AND AUGUST 9, 1994, AMENDING THE PRINCIPAL AMOUNT OF BONDS TO BE ISSUED, ESTABLISHING A NEW CLOSING DATE AND MAKING OTHER PROVISIONS AS TO THE BONDS,

ordered that said Third Supplemental Resolution be adopted and be in full force and effect on and from the date thereof.

I hereby certify that the foregoing action of said Council of the Town remains in full force and effect and has not been amended or appealed.

WITNESS my signature on this 2nd day of September, 1994.

[SEAL]

Carolyn Bennett
Town Recorder

ABB06B5E

NOTICE OF SPECIAL MEETING

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

The Town Council of the Town of Cedar Grove, West Virginia, will hold a special meeting at 6:30 p.m. Thursday, September 1, 1994 in the Council Chambers at Town Hall, 302 Alexander Street, Cedar Grove, West Virginia, for the purpose of adopting an amendatory supplemental resolution authorizing the issuance of $222,000 Sewer Revenue Bonds, Series 1994, to permanently finance a portion of the cost of the Town's proposed wastewater collection project and other matters related to the Bonds and the Project. The special meeting is open to the general public.

Carolyn Bennett, Recorder

THE TOWN OF CEDAR GROVE,
WEST VIRGINIA

ABB06A71

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ABSTRACT OF ORDINANCE AND NOTICE OF PUBLIC HEARING FOR THE TOWN OF CEDAR GROVE, WEST VIRGINIA

Notice is hereby given to any person interested that on June 28, 1994, the Council of The Town of Cedar Grove, West Virginia, adopted an ordinance that:

1. Determined that it is necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be acquired and constructed certain extensions, improvements and betterments to the existing sewer system of the Town, (the "Project") (the existing sewer system, together with the Project and any further extensions, improvements and betterments thereto, dre hereinafter referred to as the "System"), in accordance with the plans and specifications prepared by the consulting Engineers. The estimated cost of the construction of the Project is $2,229,236, or which approximately $250,000 will be permanently obtained from the proceeds of the Bonds, and approximately $1, 022, 450 will be obtained from a United States Environmental Protection Agency Grant, approximately $750,000 will be obtained from a Small Cities Block Grant, and approximately $234,482 will be obtained from a Kanawha County Commission Grant.
2. Upon petition of the Sanitary Board of the Town, the Town authorized the acquisition and construction of the Project and the financing of the costs, not otherwise provided, for the Project through the issuance of not more than $250,000 in aggregate principal amount of Sewer Revenue Bonds (the "Bonds").
3. Pledged to payment of the Bonds the net revenues of the system and provided that the Bonds shall have a lien on the net revenues of the System.
4. Provided for the sale of the Bonds to the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and conditions of the loan agreement to be entered into between the Town and the Authority.
5. Authorized the establishment of a Revenue Fund and a Renewal and Replacement Fund and provided for the disposition of System revenues; provided for the payment of operating expenses; provided for the monthly deposit of funds into the respective Sinking Funds for the payment of principal of and interest on the Bonds; provided for the creation of Reserve Account for the Bonds, and provided for the use of excess funds of the System.
6. Provided for the disbursement of Bond proceeds; created the Bond Construction Trust Fund to hold the bond proceeds pending their use for Project costs; and provided for the disposition of excess Bond proceeds.
7. Provided that the Bonds shall not be or constitute an indebtedness of the town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the funds pledged for such payment from the sources described in the Ordinance.
8. Required that the rates and charges for the System always be adequate to produce gross revenues from the System sufficient to pay the operating expenses of the System, provide adequate reserve accounts and to make the prescribed payments into the funds and accounts created under the Ordinance, and, specifically, that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation, repair and maintenance of the System and leave a balance each year equal to at least 115% of the maximum principal and interest due on the Bonds, and any other bonds prior to or on a

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INVOICE NBR	622500050711006

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My Commission Expires April 28, 2003

swear that the annexed notice of:

the front door of the court house of said Kanawha County,
ring the following dates: 07/01/94-07/08/94

Subscribed and sworn to before me this 12 day of July.

Printers fee $ 426.79

WDA-5
(May 1993)

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

TOWN OF CEDAR GROVE

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemente[1], the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

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

1.10 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources* (or in the process of preparation by such

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* Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation

and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

(c) The Governmental Agency shall either have received bids or entered contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least

one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

(iv) That, except as otherwise required by State law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Governmental Agency will not render any free services of the System;

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

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

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

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

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the Authority's water development revenue bonds;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

(xix) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.5 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.6 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in

the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

6.6 Notwithstanding Section 6.5, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application setting forth the actual costs of the Project and sources of fu s therefor.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

Town of Cedar Grove
[Proper Name of Governmental Agency]

(SEAL)

By: Roger A Carte

Its: Mayor

Attest:

Carolyn Bennett

Its: Recorder

Date: September 2, 1994

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B Yankosky
Director

Attest:

Barbara B Meadows
Secretary-Treasurer

Date: September 2, 1994

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ _____ to the _____ _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19__, effective _____, 19__, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19__.

1. The Bonds are being issued for the purpose of _____ _____ _____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be

simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this ____ day of _____, 19__.

_____

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to _____ (the "Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19___, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

Year	Installment	Interest Rate

The Local Bonds are issued for the purpose of _____ _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as

amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____ _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

_____
[Name of Governmental Agency]

_____
_____
[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this ____ day of _____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 222,000

Purchase Price of Local Bonds $ 222,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 6.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

West Virginia Water Development Authority
Bridge Financing Program
Debt Service Schedule - Town of Cedar Grove

Closing September 2, 1994
Total Amount Borrowed: $222,000.00

Avg Coup = 6.75%
TIC = 6.750633%
NIC = 6.750000%

Yield = 6.750633%
WAM = 27.73 yrs.

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	1,207.13	1,207.13
10/1/95	6.75%	0.00	14,985.01	14,985.01
10/1/96	6.75%	1,366.38	14,985.01	16,351.39
10/1/97	6.75%	1,458.62	14,892.78	16,351.40
10/1/98	6.75%	1,557.07	14,794.32	16,351.39
10/1/99	6.75%	1,662.18	14,689.22	16,351.40
10/1/00	6.75%	1,774.37	14,577.02	16,351.39
10/1/01	6.75%	1,894.15	14,457.25	16,351.40
10/1/02	6.75%	2,022.01	14,329.39	16,351.40
10/1/03	6.75%	2,158.50	14,192.90	16,351.40
10/1/04	6.75%	2,304.19	14,047.20	16,351.39
10/1/05	6.75%	2,459.72	13,891.67	16,351.39
10/1/06	6.75%	2,625.76	13,725.64	16,351.40
10/1/07	6.75%	2,802.99	13,548.40	16,351.39
10/1/08	6.75%	2,992.19	13,359.20	16,351.39
10/1/09	6.75%	3,194.17	13,157.23	16,351.40
10/1/10	6.75%	3,409.77	12,941.62	16,351.39
10/1/11	6.75%	3,639.94	12,711.46	16,351.40
10/1/12	6.75%	3,885.63	12,465.76	16,351.39
10/1/13	6.75%	4,147.91	12,203.48	16,351.39
10/1/14	6.75%	4,427.89	11,923.50	16,351.39
10/1/15	6.75%	4,726.78	11,624.62	16,351.40
10/1/16	6.75%	5,045.83	11,305.56	16,351.39
10/1/17	6.75%	5,386.42	10,964.97	16,351.39
10/1/18	6.75%	5,750.01	10,601.39	16,351.40
10/1/19	6.75%	6,138.13	10,213.26	16,351.39
10/1/20	6.75%	6,552.45	9,798.94	16,351.39
10/1/21	6.75%	6,994.75	9,356.65	16,351.40
10/1/22	6.75%	7,466.90	8,884.50	16,351.40
10/1/23	6.75%	7,970.92	8,380.48	16,351.40
10/1/24	6.75%	8,508.95	7,842.44	16,351.39
10/1/25	6.75%	9,083.30	7,268.09	16,351.39
10/1/26	6.75%	9,696.43	6,654.97	16,351.40
10/1/27	6.75%	10,350.94	6,000.46	16,351.40
10/1/28	6.75%	11,049.62	5,301.77	16,351.39
10/1/29	6.75%	11,795.47	4,555.92	16,351.39
10/1/30	6.75%	12,591.67	3,759.73	16,351.40
10/1/31	6.75%	13,441.61	2,909.79	16,351.40
10/1/32	6.75%	14,348.91	2,002.48	16,351.39
10/1/33	6.75%	15,317.47	1,033.93	16,351.40
		$222,000.00	$415,545.14	$637,545.14

Prepared 8/30/94

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

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

3. "System" means a sewage collection system and/or treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Division of Environmental Protection and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Division of Environmental Protection and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

7. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

(a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000;

(b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

(d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

A RESOLUTION SUPPLEMENTING THE BOND ORDINANCE ADOPTED BY THE COUNCIL OF THE TOWN OF CEDAR GROVE ON JUNE 28, 1994, PROVIDING FOR THE EFFECTIVE DATE OF SAID ORDINANCE AND PROVIDING AS TO DATE, SERIES, INTEREST RATE, MATURITIES, SALE PRICE, REDEMPTION PROVISIONS AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1994, OF THE TOWN OF CEDAR GROVE; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; DESIGNATING THE DEPOSITORY BANK, BOND REGISTRAR AND PAYING AGENT IN CONNECTION WITH SAID BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council of The Town of Cedar Grove (the "Council"), West Virginia (the "Town"), has duly and effectively adopted on June 28, 1994, an Ordinance entitled:

> An Ordinance authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing sewer system of The Town of Cedar Grove and the financing of the costs thereof, not otherwise provided, through the issuance by The Town of Cedar Grove of not more than $250,000 in aggregate principal amount of Sewer Revenue Bonds; defining and prescribing the terms and provisions of the Bonds; providing for the rights and remedies of and security for the Registered Owners of the Bonds; and adopting other provisions related thereto;

WHEREAS, the capitalized terms used and not otherwise defined in this Supplemental Resolution have the respective meanings given them in the Bond Ordinance (the "Ordinance"); and

WHEREAS, the Ordinance provides for the issuance of Sewer Revenue Bonds, Series 1994 (the "Bonds") in the aggregate principal amount not to exceed $250,000 of the Town all in accordance with the Act, and the terms of the Loan Agreement to be entered into between the Town and the West Virginia Water Development Authority (the "Authority"), and in the Ordinance it is provided that the dates, series, interest rates, maturities, principal amounts, redemption provisions and other terms of the Bonds should be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for; and

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

WHEREAS, the Council of the Town, on June 28, 1994, adopted a resolution (the "Resolution") which pursuant to Chapter 16, Article 13, Section 6, of the Code of West Virginia, 1931, as amended (the "Act"), directing the Recorder to publish an abstract of the Ordinance (the "Abstract"), together with a notice specifying a date, time and place for a public hearing at which

time and place all interested persons may appear before the Council of the Town and may be heard as to whether the Ordinance shall be put into effect and identifying the office in which a certified copy of the Ordinance shall be on file for review by interested persons during the office hours of such office (the "Notice"); and

WHEREAS, the Resolution required that the Abstract and Notice be published as a Class II legal advertisement in the Charleston Daily Mail and Charleston Gazette, newspapers of general circulation in the Town, and the first publication of such Abstract and notice was to be not less than ten (10) days before the date set by the Resolution and the Notice at which interested persons might appear before the Council of the Town and be heard, and the last publication of such Abstract and Notice was to be prior to said date set by the Resolution and the Notice; and

WHEREAS, the public hearing was held on July 12, 1994; and

WHEREAS, the Council of the Town deems it essential and desirable that the Bonds be issued for the purposes of paying the costs, not otherwise provided, of acquisition and construction of the Project, funding capitalized interest, and of paying certain costs of issuance and related costs; and

WHEREAS, the Council of the Town further deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted, that the Ordinance shall be put into effect and that the date, series, interest rate, maturities, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, that the Loan Agreement be approved, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, be it resolved by the Council of The Town of Cedar Grove, West Virginia, as follows:

(1) It is hereby found and determined:

(A) That the Abstract and Notice were duly published in the Charleston Daily Mail and Charleston Gazette, newspapers of general circulation in The Town of Cedar Grove, with the first publication thereof being on July 1, 1994, which first publication date was not less than ten (10) days before the date set by the Resolution and the Notice for the public hearing at which interested persons might appear before the Council of the Town and be heard, and with the last publication thereof being on July 8, 1994, which last publication date was prior to said date set by the Resolution and the Notice for the public hearing;

(B) That, in accordance with the Resolution and the Notice, the Recorder maintained in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) That, in Council Chambers in the Town Hall, 302 Alexander Street, Cedar Grove, West Virginia, on July 12, 1994, at 7:00 p.m., prevailing time, in accordance with the Resolution and the Notice, the Council of the Town met for the purpose of hearing all objections and suggestions regarding whether the Ordinance should be put into effect, and heard all objections and suggestions with regard thereto;

(D) That, at said public hearing, no significant reasons were presented that could require modification or amendment of the Ordinance, and no written protest with regard thereto was filed by thirty percent (30%) or more of the owners of real estate situate in the Town; and

(E) The Ordinance shall be put into effect as of the date hereof, and the Series 1994 Bonds contemplated thereunder may be issued pursuant to said Ordinance.

(2) The Town does hereby authorize the acquisition and construction of the Project in accordance with the plans and specifications prepared by the Consulting Engineers and the provisions of the Ordinance.

(3) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1994, in the aggregate principal amount of $217,204 (the "Bonds"), all in the form set forth below and in the Ordinance:

(a) The Bonds of the Town shall be originally issued in the form of a single bond, numbered R-1 and designated Series 1994, in the principal amount of $217,204. The Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of six and three-quarters percent (6.75%) per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1994, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on

October 1 of each of the years from 1996 through 2033, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein and herein by reference.

(4) All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the Town. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

(5) The Town does hereby ratify, approve and accept the Loan Agreement, including the "Schedule X", a copy of which is incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Town have been and are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value.

(6) The Town hereby appoints and designates City National Bank, Charleston, West Virginia, as the Depository Bank for the Bonds.

(7) The Town hereby appoints and designates City National Bank, Charleston, West Virginia, as Registrar for the Bonds.

(8) The Town hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia, as Paying Agent for the Bonds.

(9) The Town hereby directs that $14,662 of the proceeds of the Bonds, representing capitalized interest, be placed in the Sinking Fund at the Commission.

(10) The Town hereby directs that $-0- of the proceeds of the Bonds be placed in the Reserve Account.

(11) The undersigned Roger A. Cooke, duly elected Mayor of the Town and the undersigned Carolyn Bennett, duly elected Recorder of the Town, or other appropriate officers and employees of the Town and the Sanitary Board are hereby authorized and directed to perform all acts, conditions, things and procedures required to exist, to be performed or to be taken to execute and deliver the Bonds and are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about August 22, 1994.

(12) The Town directs that $126,000 of the proceeds of the Bonds be paid to the Chelyan Public Service District ("District") as a tap fee pursuant to the terms of the Agreement dated March 30, 1993.

(13) The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. It will take all actions necessary to comply with the Code and the Regulations promulgated thereunder.

(14) The Town and all subordinate entities reasonably expect to issue less than $5,000,000 in aggregate principal amount of tax-exempt bonds (other than private activity bonds) during the calendar year 1994, and the Town believes that it is excepted from the rebate requirement of Section 148(f) of the Code.

(15) The Town does hereby authorize the investment and reinvestment of all moneys held as part of the funds and accounts created by the Ordinance, by the Commission or the Depository Bank, as the case may be, at the direction of the Town, in any Qualified Investment, to the fullest extent possible under applicable laws and the terms and provisions of the Ordinance.

(16) The financing of the Project with proceeds of the Bonds is in the public interest, serves a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

(17) This Supplemental Resolution shall be effective immediately upon adoption.

Resolution adopted July 26, 1994.

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

By _____
Mayor

ATTEST:

_____
Recorder

[SEAL]

A SECOND RESOLUTION SUPPLEMENTING THE BOND ORDINANCE ADOPTED BY THE COUNCIL OF THE TOWN OF CEDAR GROVE ON JUNE 28, 1994, PROVIDING FOR THE DESIGNATION OF A NEW BOND REGISTRAR IN CONNECTION WITH SAID BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the capitalized terms used and not otherwise defined in this second Supplemental Resolution have the respective meanings given them in the Bond Ordinance (the "Ordinance"); and

WHEREAS, in the Supplemental Resolution adopted July 26, 1994, The City National Bank of Charleston was appointed as Registrar; and

WHEREAS, The City National Bank of Charleston has determined it has a conflict of interest in acting as Registrar for the Town; and

WHEREAS, the Council of the Town deems it essential and desirable to appoint a new Registrar; and

WHEREAS, the Council of the Town further deems it essential and desirable that this second resolution (the "Second Supplemental Resolution"), be adopted.

NOW, THEREFORE, be it resolved by the Council of The Town of Cedar Grove, West Virginia, as follows:

(1) The Town hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds.

(2) This Second Supplemental Resolution shall be effective immediately upon adoption.

Resolution adopted August 9, 1994.

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

By Roger A Cooke
Mayor

ATTEST:

Carolyn Bennett
Recorder

[SEAL]

ABB067E6

THIRD SUPPLEMENTAL RESOLUTION SUPPLEMENTING THE BOND ORDINANCE ADOPTED BY THE COUNCIL OF THE TOWN OF CEDAR GROVE ON JUNE 28, 1994, AS SUPPLEMENTED BY SUPPLEMENTAL RESOLUTIONS ADOPTED ON JULY 26, 1994 AND AUGUST 9, 1994, AMENDING THE PRINCIPAL AMOUNT OF BONDS TO BE ISSUED, ESTABLISHING A NEW CLOSING DATE AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the capitalized terms used and not otherwise defined in this third Supplemental Resolution have the respective meanings given them in the Bond Ordinance (the "Ordinance") adopted by the Council of the Town of Cedar Grove (the "Town") on June 28, 1994; and

WHEREAS, subsequent to the adoption of the Supplemental Resolution on July 26, 1994 ("First Supplemental Resolution"), the West Virginia Division of Environmental Protection modified the amount of the United States Environmental Protection Agency grant (the "Grant"); and

WHEREAS, as a result of the Grant amendment, the Town is required to provide a larger local share; and

WHEREAS, the local share amount required does not exceed the amount authorized by the Ordinance and as published in the Abstract with respect to the public hearing on said Ordinance; and

WHEREAS, the Council deems it essential and desirable to provide the requisite local share funding in the form of its Bonds; and

WHEREAS, the Council of the Town further deems it essential and desirable that this third Supplemental Resolution (the "Third Supplemental Resolution") be adopted.

NOW, THEREFORE, be it resolved by the Council of The Town of Cedar Grove, West Virginia, as follows:

(1) Section 3 of the First Supplemental Resolution is hereby amended and reenacted to read as follows:

(3) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1994 in the aggregate principal amount of $222,000 (the "Bonds"), all in the form set forth below and in the Ordinance:

> (a) The Bonds of the Town shall be originally issued in the form of a single bond, numbered R-1 and designated Series 1994 in the principal amount of $222,000. The Bonds shall be dated the day of delivery thereof, shall bear interest at the rate of six and three-quarters percent (6.75%) per annum, payable semiannually on April 1 and October 1 of each

year, first interest payable October 1, 1994, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1996 through 2033, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein and herein by reference.

(b) The Town shall provide substitute bonds to the extent that the West Virginia Water Development Authority requests, provided that the principal amount of said replacement bonds and the aggregate combined interest costs do not exceed $222,000 and 6.75%, respectively.

(2) Section 9 of the First Supplemental Resolution is hereby amended and reenacted to read as follows:

The Town hereby directs that $14,985 of the proceeds of the Bonds, representing capitalized interest, be placed in the Sinking Fund at the Commission.

(3) Section 11 of the First Supplemental Resolution is hereby amended and reenacted to read as follows:

The undersigned Roger A. Cooke, duly elected Mayor of the Town and the undersigned Carolyn Bennett, duly elected Recorder of the Town, or other appropriate officers and employees of the Town and the Sanitary Board are hereby authorized and directed to perform all acts, conditions, things and procedures required to exist, to be performed or to be taken to execute and deliver the Bonds and are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about September 2, 1994.

(4) The financing of the project with the proceeds of the Bonds is in the public interest, serves the public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

(5) This Supplemental Resolution shall be effective immediately upon adoption.

Resolution adopted September 1, 1994.

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

By _____
Mayor

ATTEST:

_____
Recorder

[SEAL]

ABB06B25

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
11-9-93

Entered: October 20, 1993

CASE NO. 93-0466-PSD-S-PC

CHELYAN PUBLIC SERVICE DISTRICT and
TOWN OF CEDAR GROVE
Petition for approval of agreement
with Cedar Grove.

CASE NO. 93-0468-PSD-PC

CHELYAN PUBLIC SERVICE DISTRICT and
TOWN OF EAST BANK
Petition for approval of agreement
with East Bank.

CASE NO. 93-0471-S-CN

TOWN OF CEDAR GROVE, a municipal
corporation, Kanawha County.
Application for a certificate of convenience
and necessity to construct collector sewer,
interceptor sewers, primary lift station and
force main connecting Cedar Grove to the Chelyan
Public Service District at Cedar Grove, Kanawha
County, and for approval of financing incidental
thereto.

RECOMMENDED DECISION

PROCEDURE

By Recommended Decision entered on January 6, 1993, in Chelyan Public Service District, Case No. 91-1061-PSD-CN, an Administrative Law Judge approved a proposed plant upgrade for Chelyan Public Service District which included the contemplated acceptance of sewage from sewer collection systems to be constructed by the Town of East Bank and the Town of Cedar Grove. The approval of that upgraded plant for Chelyan Public Service District was specifically conditioned upon the filing of a certificate application for the Town of East Bank and the Town of Cedar Grove for their coinciding projects, and approval of those applications. The January 6, 1993 Recommended Decision in Case No. 91-1061-PSD-CN also provided that the construction of Chelyan Public Service District's project would not commence until all contingencies had been fulfilled. No exceptions were filed, and the Recommended Decision in Case No.

91-1061-PSD-CN became a final order of the Commission on January 26, 1993.

The Town of Cedar Grove submitted an application for a certificate of convenience and necessity for a proposed sewer collection system which utilizes the waste treatment facilities of Chelyan Public Service District. That application was docketed as Case No. 92-1238-S-CN.

The Town of East Bank did not file a related certificate application for its contemplated sewage collection system until May 6, 1993. That filing was docketed as Case No. 93-0419-S-CN.

By a Recommended Decision entered on May 13, 1993, the Town of Cedar Grove's application in Case No. 92-1238-S-CN was dismissed without prejudice, since Commission Staff required additional time to review the interrelated financial impact of the proposed projects. By the terms of that Order, the Town of Cedar Grove was permitted to refile its application and incorporate all information and notices previously provided in Case No. 92-1238-S-CN by reference, so the Commission's review of its subsequent refiling could proceed as expeditiously as possible.

On May 24, 1993, the Town of Cedar Grove filed a certificate application which requested the Commission's consent and approval to construct collector sewers, interceptor sewers, primary lift stations and force mains to connect the Town of Cedar Grove to Chelyan Public Service District and to operate a sewage collection system which serves the residents of Cedar Grove. As filed, the estimated construction costs of approximately $2,229,236 were to be financed by a $1,022,450 Environmental Protection Agency (EPA) grant, a $234,482 Kanawha County Commission grant, a $750,000 HUD Small Cities Block grant, and a WDA loan in the amount of $222,204. In order to support the project, the Town of Cedar Grove proposed to adopt the following rates and charges:

First	2,000 gallons used per month	$3.94 per 1,000 gallons
Next	4,000 gallons used per month	$3.44 per 1,000 gallons
Next	20,000 gallons used per month	$2.94 per 1,000 gallons
All Over	25,000 gallons used per month	$2.44 per 1,000 gallons

Minimum Charge - $7.88

Connection Charge before Construction -- $ 0.00

Connection Charge after Construction --- $250.00

This certificate filing, designated as Case No. 93-0471-S-CN, is essentially the refiling of the Town of Cedar Grove's prior certificate application in Case No. 92-1238-S-CN.

By Order entered on May 24,1993, the Town of Cedar Grove was required to provide public notice of its refiled certificate application in a newspaper which is published and of general circulation in Kanawha County.

On June 9, 1993, the Commission received an affidavit of publication which verified that the required notice of the Town of Cedar Grove's refiled application was duly published on May 29, 1993. As of this date, no public protests have been received in response to that notice. Therefore, in accordance with the language of that notice and the provisions of West Virginia Code §24-2-11, a public hearing on the certificate application may be waived, at the Commission's discretion.

By Order entered on June 15, 1993, the Commission referred Case No. 93-0471-S-CN to the Division of Administrative Law Judges for processing, and mandated that an ALJ decision be rendered on or before December 20, 1993.

On May 21, 1993, Chelyan Public Service District and the Town of Cedar Grove filed a proposed sewage treatment agreement between the parties for the Commission's review and approval. That proposed agreement was being submitted for the Commission's review and approval to comply with the January 6, 1993 Recommended Decision in Chelyan Public Service District, Case No. 91-1061-PSD-CN. This filing was designated as Case No. 93-0466-PSD-S-PC.

On May 21, 1993, Chelyan Public Service District filed a proposed sewage treatment agreement between the Town of East Bank and the Chelyan Public Service District for the Commission's review and approval. That agreement was also being submitted for the Commission's review in accordance with the January 6, 1993 Recommended Decision in Chelyan Public Service District, Case No. 91-1061-PSD-CN. This filing was designated as Case No. 93-0468-PSD-PC.

By Order entered on June 23, 1993, the Commission referred Case No. 93-0466-PSD-S-PC to the Division of Administrative Law Judges for processing, and mandated that an ALJ decision be rendered on or before December 17, 1993. Also by Order entered on June 23, 1993, the Commission referred Case No. 93-0468-PSD-PC to the Division of Administrative Law Judges for processing, and mandated that an ALJ decision be rendered on or before December 17, 1993.

On July 22, 1993, Administrative Law Judge Robert F. Williams consolidated these three cases for hearing and decision and scheduled these matters for hearing to be conducted on August 27, 1993. Since no public protests had been filed in response to the Town of Cedar Grove's refiled certificate application, the Administrative Law Judge did not require the Town of Cedar Grove to publish any additional notice of the scheduled hearing. Additionally, in the event that Commission Staff and the various parties were able to reach a stipulation or agreement in these cases, prior to the hearing, they were to promptly notify the Administrative Law Judge.

On August 24, August 26, and August 25, 1993, Commission Staff filed its Further Final Joint Staff Memoranda in Case Nos. 93-0466-PSD-S-PC, 93-0468-PSD-PC, and 93-0471-S-CN, respectively. In its various Memoranda, Commission Staff recommended approval of the agreement between Chelyan Public Service District and the Town of Cedar Grove, with modifications; approval of the agreement between Chelyan Public Service

District and the Town of East Bank, with modifications and with the reservation that Commission Staff was not at that time prepared to recommend approval of the proposed rate contained in the agreement between the District and the Town of East Bank; and approval of the Town of Cedar Grove's certificate application.

The hearing scheduled for August 27, 1993, in the three consolidated proceedings, was held as scheduled before Administrative Law Judge Williams, with H. Wyatt Hanna, III, Esquire, appearing on behalf of the District; Albert S. Good, Esquire, appearing on behalf of the Town of Cedar Grove; and Susan J. Riggs, Esquire, Staff Attorney, appearing on behalf of Commission Staff. No one appeared on behalf of the Town of East Bank. Various statements of counsel and some testimony was taken at that hearing. Generally, the parties supported the Staff recommendations. Chelyan Public Service District noted that it was seeking a reopening of its certificate proceeding, Case No. 91-1061-PSD-CN, and was asking the Commission to modify the final decision in its certificate application, to eliminate the requirement that the District project be contingent upon Commission approval of the Town of East Bank's certificate application, due to delays currently being experienced with respect to the Town of East Bank's certificate proceeding. At the conclusion of the hearing, these matters were submitted for a decision, based on the existing record.

Several developments involving these three matters occurred after they were set for the consolidated hearing on August 27, 1993, and subsequent to the consolidated hearing on August 27, 1993. On August 16, 1993, Chelyan Public Service District did, in fact, file a petition to reopen its certificate application in Case No. 91-1061-PSD-CN, and for an amendment of that certificate. In the petition, Chelyan Public Service District noted that it had received a letter from the Division of Environmental Protection, on July 2, 1993, which was attached to the petition, authorizing the District to begin advertising for bids for the collection system expansion for the Diamond, Witcher Creek, Carroll's Branch and Shrewsbury areas, representing a departure from that Division's prior position that the District's proposed treatment plant upgrade and wastewater collection system expansion were to be undertaken only after Commission approval of the proposed certificate applications for the Towns of Cedar Grove and East Bank. Further, on June 28, 1993, the Quincy Coal Company, an entity which has already pledge certain monies to the District for the proposed sanitary sewer expansion project, informed the District that additional delays for the proposed project could not be tolerated and, if the District was not able to provide the expanded sewer service within the next twelve months, Quincy Coal Company would be forced to withdraw its funding commitment for the project, resulting in additional costs and a loss of future customers for the District. The Quincy Coal Company letter was also attached as an exhibit to the petition. The District is now requesting authorization from the Commission to construct the wastewater collection system expansion and eliminate the treatment plant upgrade at this time. The revised filing would not reflect any contribution or income from the Town of East Bank. The revised project contains a total project cost of approximately $4,349,206, as evidenced by a revised Rule 42 Exhibit and overview, which

were prepared by the District's accountants and which were attached as Exhibit C to the petition.

According to the petition, Chelyan Public Service District currently has sufficient capacity to handle the proposed collection system expansion and the wastewater from the Town of Cedar Grove by undertaking only minor improvements to its existing wastewater treatment plant facility. The District further requested authority from the Commission to borrow the funds necessary and to construct the necessary improvements to expand its treatment plant facility whenever the Town of East Bank has obtained the required certificate of convenience and necessity from the Commission for its proposed sanitary sewer project. The District represented that the phasing of the project would not affect the rates and charges which were approved in Case No. 91-1061-PSD-CN, and, therefore, no further public notice or hearing would be required in order for the Commission to grant the requested relief. The District represented that a prompt review of the petition was essential if the revised project was to proceed in an orderly manner.

The Commission's computer records indicate that, on September 8, 1993, the reopened petition in Case No. 91-1061-PSD-CN was referred to the Commissioners for decision. At this time, no decision has been rendered on the petition to reopen.

Additionally, on September 14, 1993, in Case No. 93-0419-S-CN, the Town of East Bank's certificate application, Commission Staff filed a Further Final Joint Staff Memorandum, recommending approval of the Town's certificate application and specific approval of the proposed rate for sewage treatment contained in the agreement between the Town and the District which is the subject of Case No. 93-0468-PSD-PC, one of the instant three consolidated proceedings. The Town of East Bank's certificate application was assigned to Administrative Law Judge Ronnie Z. McCann, who held a hearing on the application on September 15, 1993.

By Procedural Order issued on September 21, 1993, the matters involved in these proceedings were set for hearing to address certain questions raised by a review of the record and the Staff recommendations. The hearing in these cases was set to be held on Wednesday, September 29, 1993, at 10:00 a.m., at which time the parties were to be prepared to address the following issues:

1. The effect of the Chelyan Public Service District petition to reopen its certificate application, in Case No. 91-1061-PSD-CN, upon these proceedings and the Town of East Bank's certificate application, now that all four proceedings appear to be in a posture for final decision;

2. The reason for two different resale rates to be charged by Chelyan Public Service District to the Town of Cedar Grove and the Town of East Bank, respectively, and cost justification for the higher rate to be charged to the Town of East Bank, if such exists;

3. The reason for removing the proposed resale rates from those respective agreements between the District and the Towns and placing two different resale rates in Chelyan Public Service District's tariff; and

4. Any other issues which need to be finalized or addressed in order to bring these cases to a conclusion.

The Administrative Law Judge did not require public notice of the hearing, since no public protests had been received to the Town of Cedar Grove's certificate application and since the hearing was an outgrowth of the hearing held on August 27, 1993. Finally, due to scheduling difficulties which had arisen, the parties were informed that the three cases had now been assigned to the Chief Administrative Law Judge for processing and resolution.

The hearing set for September 29, 1993, was held as scheduled, with H. Wyatt Hanna, III, Esquire, appearing on behalf of Chelyan Public Service District; John R. Mitchell, Sr., Esquire, appearing on behalf of the Town of East Bank; Albert F. Good, Esquire, appearing on behalf of the Town of Cedar Grove; and Susan J. Riggs, Esquire, of the Legal Division, appearing on behalf of Commission Staff. Chelyan Public Service District presented the testimony of one witness and introduced one exhibit into evidence. All other parties made statements by counsel. At the end of the hearing, this matter was submitted for a decision pending the receipt of the transcript.

The transcript of the hearing held on September 29, 1993, was filed with the Public Service Commission on October 14, 1993, and consists of 28 pages.

A Recommended Decision granting the Town of East Bank's certificate application in Case No. 93-0419-S-CN was entered on September 22, 1993, and became a final order of the Commission by operation of law on October 12, 1993.

EVIDENCE

With respect to Issue No. 1 set forth in the September 21, 1993 Procedural Order, the effect on these three proceedings of Chelyan Public Service District's request to reopen Case No. 91-1061-PSD-CN, counsel for Chelyan indicated that it was Chelyan's opinion that the petition to reopen would have no effect on these three proceedings. Chelyan still wishes to bifurcate the proceedings and build the collection system now. Whenever the Town of East Bank is ready to proceeding, Chelyan will be prepared to go forward with the treatment plant improvements at that time. Chelyan also indicated that it had no objections to any of the Staff recommendations in these three proceedings. (Tr., pp. 5-7).

With respect to Issue No. 2, the reason for two different resale rates to be charged by Chelyan Public Service District to Cedar Grove and

East Bank, and any cost justification for the higher rate to be charged to the Town of East Bank, Chelyan Public Service District presented the testimony of Todd F. Dingess, a Certified Public Accountant, who has been involved in all three of these proceedings and the Town of East Bank's certificate application. According to Mr. Dingess, his accounting firm became involved in these projects when it was asked by the Kanawha County Commission to attend a joint meeting between East Bank, Cedar Grove and Chelyan in their attempts to coordinate a sewer project for that area of Kanawha County. The Kanawha County Commission retained his firm to prepare a cost of service study and a combined system review to evaluate the alternatives that had been proposed and to project costs and user fees for the projects. (Tr., pp. 9-10). Mr. Dingess sponsored District Exhibit 1, the cost of service study prepared by his firm for these projects. Mr. Dingess' firm was hired by both Towns and Chelyan Public Service District to prepare their Rule 42 Exhibits which were submitted as part of their respective certificate applications and Mr. Dingess calculated the rates to be charged by Chelyan to the two municipalities. (Tr., pp. 10-12). The rates calculated by Mr. Dingess were carried through into the total operation and maintenance expenses for the two Towns. (Tr., pp. 12-13). Mr. Dingess also prepared an addendum to District Exhibit No. 1, which reflects his revisions to various cost estimates and includes the ultimate sewage treatment rates proposed in these proceedings of $1.637 for the Town of East Bank and $1.48 for the Town of Cedar Grove. (Tr., p. 13).

According to Mr. Dingess, to establish the treatment rates, he first analyzed the existing costs at the Chelyan treatment plant to determine that plant's operation and maintenance expenses and he then made projections on operation and maintenance expenses for the plant after East Bank and Cedar Grove began using the plant. He also accounted for the 600 or so new customers which are included in Chelyan's own project and he developed a proforma operation and maintenance budget. Mr. Dingess then allocated the costs to reflect each entity's share of the costs. Mr. Dingess then calculated the treatment rate based on the actual metered usage for which each entity bills its own customers. (Tr., pp. 13-14).

According to Mr. Dingess, the problem for the Town of East Bank arose because of its significant inflow and infiltration (I&I), due to its combined storm water and sewer system. Even after East Bank's certificate project, there will still be significant infiltration into the system. Mr. Dingess noted that East Bank bills its customers for approximately 73,500 gallons of sewage per day, but the actual flow is approximately 200,000 gallons per day. (Tr., pp. 14-15). On the other hand, the Cedar Grove system is a brand new system and minimal I&I is expected. The original cost of service study prepared by Mr. Dingess was based on 175,000 gallons per day from East Bank. However, after a review of the situation, Chelyan Public Service District and East Bank agreed to raise the total amount of sewage usage to 200,000 gallons a day. The excessive I&I is the principal reason for the increase in the treatment rate for East Bank to $1.637. (Tr., pp. 15-16).

According to Mr. Dingess, the power costs for the two Towns are also different. East Bank discharges its sewage into a pump station which required substantial upgrades and revisions. Cedar Grove discharges its

sewage into the connection point of the Shrewsbury addition to the Chelyan facility. Mr. Dingess calculated rates so that neither Town would subsidize the other and so that there would be no subsidy for either Town from Chelyan Public Service District. (Tr., p. 17).

Both East Bank and Cedar Grove were fully informed as to the basis for the rates and both Towns agreed to those rates. The sewage treatment agreements between the two Towns and Chelyan Public Service District provided for the rates to be reviewed and reevaluated after one year of actual operating experience. (Tr., pp. 17-19). Commission Staff has also had the opportunity to review the proposed rates and has not changed the rates in any way. (Tr., p. 19). The agreed-upon rates prepared by Mr. Dingess are reflected in the various Rule 42 filings for all three entities. (Tr., p. 20).

Mr. Dingess noted that the average bill for a Cedar Grove customer, based on 4,500 gallons, would be $16.48, while the average bill for an East Bank customer, based on 4,500 gallons, would $17.46. On the other hand, an average bill for a Chelyan Public Service District customer, based on 4,500 gallons, will be $21.27. Mr. Dingess feels that the proposed treatment rates for East Bank and Cedar Grove are fair and equitable based upon the information available to the parties at this time. (Tr., pp. 20-21).

During the hearing, counsel for both the Towns of Cedar Grove and East Bank indicated that they concurred with Mr. Dingess' testimony and indicated that there was no controversy between the parties with respect to the proposed rates. (Tr., pp. 23-24).

With respect to the third issue set out in the September 21, 1993 Procedural Order, regarding the placement of two different sewage treatment rates in Chelyan Public Service District's tariff, rather than placing the rates in the agreements, Staff Attorney Susan Riggs presented a statement of counsel to which all parties agreed. According to Ms. Riggs, after several years of dealing with resale agreements between municipalities and other entities, it has been determined that tariff changes are easier to deal with than revisions to resale agreements. Tariff changes have specific statutory deadlines and, therefore, must be concluded within a specified period of time. Revisions to negotiated agreements can be very problematic and take an excessive amount of time. Additionally, requiring a rate change by tariff filing requires the entity requesting the change to do some background work for the request, which provides a better basis for review for all parties concerned. (Tr., pp. 24-26). As noted, counsel for Chelyan Public Service District and the Towns of East Bank and Cedar Grove all agreed with Staff Attorney Riggs' statement.

As noted previously in this decision, Commission Staff filed its Further Final Joint Staff Memoranda in each of these three proceedings between August 24 and August 26, 1993. In each of those memoranda, Commission Staff made its recommendation regarding the subject matter of these proceedings, generally recommending approval thereof. With respect to the agreement between Chelyan Public Service District and the Town of Cedar Grove, which is the subject of Case No. 93-0466-PSD-S-PC,

Commission Staff indicated that the submitted agreement between the Town and the District should be approved with certain modifications. Principally, Commission Staff recommended that the agreement be modified to remove the rate to be charged from the agreement and to place the rate in the tariff for Chelyan Public Service District. Commission Staff also submitted various language changes necessary throughout the agreement in order to accommodate this change. Additionally, a final modification was recommended to reflect the Town's certificate refiling date, noting that Paragraph 5.1 should be modified to include the date of May 24, 1993. With the modifications recommended by Commission Staff to the agreement and the relocation of the rate to be charged to the Town by the District from the agreement to the tariff, Staff recommended approval of the proposed initial rate of $1.48 per 1,000 gallons of water and recommended approval of the agreement. Staff also noted that, in the event that the rate of $1.48 required modification, the District could simply modify the tariff rate through its reopened certificate application.

With respect to the agreement between Chelyan Public Service District and the Town of East Bank in Case No. 93-0468-PSD-PC, Commission Staff made the same recommendations regarding relocation of the rate to be charged from the agreement to the District's tariff and the language modifications necessary to accomplish that change. At the time Staff filed its Further Final Joint Staff Memorandum in Case No. 93-0466-PSD-S-PC, Commission Staff was not yet prepared to approve the rate of $1.637 per 1,000 gallons of usage, because Staff had not yet had an opportunity to fully review the Town's certificate project, which was the subject of Case No. 93-0419-S-CN. Staff indicated that it would make a rate recommendation in either the District's or the Town's certificate proceeding regarding the agreement. Thus, Staff recommended approval of the agreement subject to the modifications and subject to the filing of a revised agreement incorporating the Staff's recommended modifications. Subsequently, in the Staff Further Final Joint Staff Memorandum filed on September 14, 1993, in Case No. 93-0419-S-CN, East Bank's certificate application, Commission Staff determined that it now had sufficient information upon which to base a rate recommendation and recommended approval of the agreed-upon rate of $1.637 per 1,000 gallons of metered water usage.

With respect to the Town of Cedar Grove's certificate application, the Further Final Joint Staff Memorandum was filed on August 25, 1993, in Case No. 93-0471-S-CN. Commission Staff noted that all appropriate publications for the certificate application and the municipal rate ordinance had been made with no public protests and no petitions filed with the Commission. The Town's project includes the construction of a sewage collection system, interceptor sewers, a lift station and a force main. Currently, the Town provides wastewater collection through a combination sewer collection system which discharges raw sewage into the Kanawha River and Kelly's Creek. The Town of Cedar Grove is currently in violation of the Clean Water Act and has entered into a consent decree with the West Virginia Department of Natural Resources. With the new system, the Town will transport its sewage to Chelyan Public Service District for treatment. Commission Staff recommended approval of the Town's certificate application, with the condition that the Town's annual debt service incurred from the borrowing to construct the project not

exceed $18,429. Additionally, if the project bids are not at or below the estimated project cost included in the application, and the Town must increase the amount of borrowing recommended in this proceeding, the Town should be required to seek additional Commission approval prior to construction. The Staff Memorandum noted that the estimated costs for Cedar Grove's project total $2,229,236, with funding to be provided by grants from the Small Cities Block Grant program, the Kanawha County Commission and the Environmental Protection Agency, and a loan in the amount of $222,304 from the West Virginia Water Development Authority. Commission Staff believed the revenues to be generated by the Town's sewer rate ordinance will adequately fund the construction and increased operating expenses of the proposed project. Annual debt service of $18,429 is anticipated from the WDA loan. Commission Staff believes that the issues of public convenience and necessity and the satisfaction of engineering requirements have all been met by the Town of Cedar Grove. Commission Staff also prepared a cash flow analysis for the Town of Cedar Grove based upon the project and the recently enacted municipal rate ordinance and determined that the Town's revenues would generate debt service coverage of 127.2%.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that the parties to this proceeding have demonstrated that the two sewage treatment agreements between Chelyan Public Service District and the Towns of Cedar Grove and East Bank are reasonable and should be approved, with the modifications recommended by Commission Staff in the Further Final Joint Staff Memoranda filed herein on August 24 and August 26, 1993, without specifically approving the terms and conditions of said agreements. Additionally, the evidence clearly supports the issuance of a certificate of convenience and necessity to the Town of Cedar Grove for the construction of its proposed project, with the proviso that, if the debt service for the project exceeds the amount of $18,429, the Town of Cedar Grove must seek Commission approval for the additional financing prior to any construction. The public convenience and necessity clearly require the Town of Cedar Grove's sewer project, in light of the Town being in violation of the Clean Water Act and in light of the consent decree between the Town and the Department of Natural Resources. The Town's project is obviously economically feasible and financially viable, in light of the Town's recently enacted municipal rate ordinance, which provides revenues sufficient to fund the operation and maintenance expenses generated by the project and the borrowing required by the project, and in light of the committed funding for the project. Therefore, it is reasonable to grant the application filed by the Town of Cedar Grove for a certificate of public convenience and necessity, subject to the conditions recommended by Commission Staff.

FINDINGS OF FACT

1. Chelyan Public Service District and the Towns of Cedar Grove and East Bank have filed petitions with the Public Service Commission for approval of sewage treatment agreements, whereby Chelyan Public Service District will treat the sewage of the two Towns, under certain terms and conditions. (Petitions filed May 21, 1993, in Case Nos. 93-0466-PSD-S-PC and 93-0468-PSD-PC).

2. Under the proposed agreements, Chelyan Public Service District will charge a sewage treatment rate to the Town of Cedar Grove of $1.48 per 1,000 gallons of metered water usage and will charge the Town of East Bank a rate of $1.637 per 1,000 gallons of metered water usage. (See, Agreements filed May 21, 1993, in Case Nos. 93-0466-PSD-S-PC and 93-0468-PSD-PC).

3. The sewage treatment rate for the Town of East Bank is higher than for the Town of Cedar Grove because of excessive inflow and infiltration on the East Bank system and because the power costs to serve the Town of East Bank are higher than the power costs incurred by the District to serve the Town of Cedar Grove. (Tr. 9-29-93, pp. 14-17).

4. The Town of East Bank bills its customers for approximately 73,500 gallons of sewage per day, while the actual flow is approximately 200,000 gallons per day. (Tr. 9-29-93, pp. 14-15).

5. Both the Towns of Cedar Grove and East Bank have agreed to the treatment rates set forth in their respective agreements with Chelyan Public Service District. (Tr. 9-29-93, pp. 17-19 and 23-24).

6. The treatment rates calculated for Chelyan Public Service District to charge the Towns of East Bank and Cedar Grove were designed so that neither Town would subsidize the other and so that Chelyan Public Service District would not subsidize either Town. (Tr. 9-29-93, p. 17).

7. Commission Staff has reviewed the treatment rates in both agreements and the substance of both agreements and has recommended approval thereof, with certain modifications to remove the treatment rate from the actual agreements and to place the respective treatment rates in Chelyan Public Service District's tariff on file with the Commission. (Further Final Joint Staff Memoranda filed August 24, 1993, and August 26, 1993, in Case Nos. 93-0466-PSD-S-PC and 93-0468-PSD-PC, respectively, and Further Final Joint Staff Memorandum filed on September 14, 1993, in Case No. 93-0419-S-CN, the Town of East Bank's certificate application proceeding).

8. The Town of Cedar Grove has filed an application with the Public Service Commission for a certificate of convenience and necessity to construct collector sewer lines, interceptor sewers, a primary lift station and force mains connecting the Town of Cedar Grove to Chelyan Public Service District and for approval of financing incidental thereto. (Application filed May 24, 1993, Case No. 93-0471-S-CN).

9. The Town of Cedar Grove has provided public notice of its certificate application and no protests have been filed in response thereto. (Affidavit of Publication filed June 9, 1993; Case file generally).

10. The Town of Cedar Grove has enacted a municipal rate ordinance to raise its sewer rates to reflect the increased costs and debt service associated with its requested project and no petition for Commission review was filed in response to the enactment of that municipal rate

ordinance. (Further Final Joint Staff Memorandum filed August 25, 1993, Case No. 93-0471-S-CN).

11. Currently, the Town of Cedar Grove is discharging its raw sewage into the Kanawha River and Kelly's Creek. Additionally, it has been determined that the Town of Cedar Grove is in violation of the Clean Water Act and it has entered into a consent decree with the West Virginia Department of Natural Resources, requiring improvements to its system. (Application filed May 24, 1993; Further Final Joint Staff Memorandum filed August 25, 1993, Case No. 93-0471-S-CN).

12. It is estimated that the total cost for the Cedar Grove project will be $2,229,236, with funding to be provided by grants from the Small Cities Block Grant program, the Kanawha County Commission and the Environmental Protection Agency, and a loan in the amount of $222,304 from the West Virginia Water Development Authority. The funding has been fully committed. (Case file generally; Further Final Joint Staff Memorandum filed August 25, 1993, Case No. 93-0471-S-CN).

13. Utilizing the revised sewer rates enacted by the recent municipal rate ordinance for the Town of Cedar Grove, and utilizing the anticipated debt service and operation and maintenance expenses generated by its proposed project, the Town's revenue should generate debt service coverage of 127.2%. (Further Final Joint Staff Memorandum filed August 25, 1993, Case No. 93-0471-S-CN).

14. Commission Staff has reviewed the application of the Town of Cedar Grove to construct improvements to its sewage system and has recommended approval thereof. (Further Final Joint Staff Memorandum filed August 25, 1993, Case No. 93-0471-S-CN).

CONCLUSIONS OF LAW

1. The sewage treatment agreements filed on May 21, 1993, for Commission review and approval, between Chelyan Public Service District and the Towns of Cedar Grove and East Bank are reasonable and should be approved, without specifically approving the terms and conditions thereof, as modified by Commission Staff in its Further Final Joint Staff Memoranda filed with respect to those agreements on August 24 and August 26, 1993.

2. The Town of Cedar Grove's proposed sewer project is economically feasible and financially viable, based upon the proposed committed financing and the Town of Cedar Grove's recently enacted revised sewer rates.

3. The public convenience and necessity require the Town of Cedar Grove's proposed sewer project, in light of its violations of the Clean Water Act and the consent decree between the Town of Cedar Grove and the West Virginia Department of Natural Resources.

4. It is reasonable to grant the application filed by the Town of Cedar Grove for its proposed sewer project.

ORDER

IT IS, THEREFORE, ORDERED that the sewage treatment agreement filed on May 21, 1993, in Case No. 93-0466-PSD-S-PC between Chelyan Public Service District and the Town of Cedar Grove be, and hereby is, approved, without specifically approving the terms and conditions thereof, as modified by Commission Staff in its recommendation filed with respect to the agreement on August 24, 1993. Chelyan Public Service District and the Town of Cedar Grove shall file a revised sewage treatment agreement reflecting the Staff modifications within thirty (30) days from the date that this order become a final order of the Public Service Commission.

IT IS FURTHER ORDERED that the sewage treatment agreement filed on May 21, 1993, between Chelyan Public Service District and the Town of East Bank, in Case No. 93-0468-PSD-PC, be, and hereby is, approved, without specifically approving the terms and conditions thereof, as modified by Commission Staff in its Further Final Joint Staff Memorandum filed with respect to said agreement on August 26, 1993. Chelyan Public Service District and the Town of East Bank shall file a revised sewage treatment agreement which reflects the Staff modifications within thirty (30) days from the date that this order become a final order of the Public Service Commission.

IT IS FURTHER ORDERED that the application of the Town of Cedar Grove filed on May 24, 1993, for a certificate of convenience and necessity to construct certain improvements to its sewage collection system be, and it hereby is, granted.

IT IS FURTHER ORDERED that the financing for the Town of Cedar Grove's sewage collection project which is certificated herein be, and it hereby is, approved, provided, however, that if the financing for the project must be revised or if the debt service for the project exceeds the amount of $18,429 per year, the Town of Cedar Grove must petition the Public Service Commission for approval of the required additional financing and/or debt service prior to any construction.

IT IS FURTHER ORDERED that these proceedings be, and they hereby are, removed from the Commission's docket of open cases.

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

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

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

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

Melissa K. Marland
Chief Administrative Law Judge

MKM:mal

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

OCT 5 1987

RECEIVED
OCT 6 1987
Dunn Engineers, Inc.

CERTIFIED MAIL

RE: C-540324-01
Town of Cedar Grove

Honorable Harry Hager
Mayor, Town of Cedar Grove
Cedar Grove Town Hall
Cedar Grove, West Virginia 25039

Dear Mayor Hager:

We are pleased to inform you of the award of a Step II/III Federal grant for the preparation of construction drawings and specifications, and construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed $913,660 and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Federal Regulations are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mrs. Catherine A. Mastropieri, Chief, Grants Management Branch, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,

Robert J. Matthews Deputy
Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Edgar Henry, WDA
Dunn Engineers

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT/AMENDMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION

C-540324-01-0 | Three-C
3. DATE OF AWARD: SEP 28 1987 | 4. ACCTING DATE: OCT 5 1987

AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement	X	Send Payment Request To: Grants Management Branch	New
Assistance Amendment			

8. RECIPIENT
Town of Cedar Grove
Town Hall
Cedar Grove, West Virginia 25039

9. PAYEE
Town of Cedar Grove
Town Hall
Cedar Grove, West Virginia 25039

EIN NO.

CONGRESSIONAL DISTRICT: 3rd

10. RECIPIENT TYPE: Town

11. PROJECT MANAGER AND TELEPHONE NO.
Harry Hager, Mayor
(304) 595-1841

12. CONSULTANT *(WWT Construction Grants Only)*
Dunn Engineers, Incorporated
701 Virginia Street, West
Charleston, WV 25302
(304) 342-3436

13. ISSUING OFFICE *(City/State)*
Philadelphia, Pennsylvania

14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
R. Fenton Roudabush, Chief
Virginia-West Virginia Section
(215) 597-9131

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID *(Clearinghouse)*	17. FIELD OF SCIENCE	18. PROJECT STEP *(WWT CG Only)*
Patricia Gaskins (202)382-5184		N/A	II/III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY
Clean Water Act, Title II	40 CFR Parts 30 & 35

21. STEP 2 + 3 & STEP 3 *(WWT Construction Only)*

a. Treatment Level	C
b. Project Type	NEW
c. Treatment Process	C
d. Sludge Design	C

22. PROJECT TITLE AND DESCRIPTION Design and construction of interceptor sewer project. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION *(Areas Impacted by Project)*

City/Place	County	State	Congressional District
Cedar Grove	Kanawha	WV	3rd

24. ASSISTANCE PROGRAM *(CFDA Program No. & Title)*	25. PROJECT PERIOD	26. BUDGET PERIOD
66,418	09/87 - 11/90	N/A

27. COMMUNITY POPULATION *(WWT CG Only)*	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
1,250	N/A	1,661,200

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
a. EPA Amount This Action		913,660	
b. EPA In-Kind Amount			
c. Unexpended Prior Year Balance			
d. Other Federal Funds			
e. Recipient Contribution			
f. State Contribution			
g. Local Contribution			
h. Other Contribution			
i. Allowable Project Cost		1,661,200	

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GSAW80	87	68X0103.K	W87016	7GSA036006	41.11	$913,660

EPA Form 5700-20A (Rev. 5-82) Replaces previous editions and EPA Forms 5700-1A, B, C, and D, all of which are obsolete.

TABLE A – OBJECT CLASS CATEGORY (Non-construction)	TOTAL APPROVED ALLOWABLE — BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient ____ %. Federal ____ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE B – PROGRAM ELEMENT CLASSIFICATION (Non-construction)	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient ____ %. Federal ____ %)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE C – PROGRAM ELEMENT CLASSIFICATION (Construction)	
1. ADMINISTRATION EXPENSE	17,966
2. PRELIMINARY EXPENSE	
3. LAND STRUCTURES, RIGHT-OF-WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	15,130
5. OTHER ARCHITECTURAL ENGINEERING FEES	14,656
6. PROJECT INSPECTION FEES	77,677
7. LAND DEVELOPMENT	
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	1,320,870
12. ~~EQUIPMENT~~ Planning and Design Allowance	131,584
13. MISCELLANEOUS	
14. TOTAL (Lines 1 thru 13)	
15. ESTIMATED INCOME (If applicable)	
16. NET PROJECT AMOUNT (Line 14 minus 15)	
17. LESS: INELIGIBLE EXCLUSIONS (Advance of Allowance)	[illegible],764
18. ADD: CONTINGENCIES	132,081
19. TOTAL (Share: Recipient 45 %. Federal 55 %)	1,661,200
20. TOTAL APPROVED ASSISTANCE AMOUNT	$ 913,660

ROBERT C. BYRD, WEST VIRGINIA
WILLIAM PROXMIRE, WISCONSIN
DANIEL K. INOUYE, HAWAII
ERNEST F. HOLLINGS, SOUTH CAROLINA
LAWTON CHILES, FLORIDA
J. BENNETT JOHNSTON, LOUISIANA
QUENTIN N. BURDICK, NORTH DAKOTA
PATRICK J. LEAHY, VERMONT
JIM SASSER, TENNESSEE
DENNIS DECONCINI, ARIZONA
DALE BUMPERS, ARKANSAS
FRANK R. LAUTENBERG, NEW JERSEY
TOM HARKIN, IOWA
BARBARA A. MIKULSKI, MARYLAND
HARRY REID, NEVADA

MARK O. HATFIELD, OREGON
TED STEVENS, ALASKA
LOWELL P. WEICKER, JR., CONNECTICUT
JAMES A. McCLURE, IDAHO
JAKE GARN, UTAH
THAD COCHRAN, MISSISSIPPI
ROBERT W. KASTEN, JR., WISCONSIN
ALFONSE M. D'AMATO, NEW YORK
WARREN RUDMAN, NEW HAMPSHIRE
ARLEN SPECTER, PENNSYLVANIA
PETE V. DOMENICI, NEW MEXICO
CHARLES E. GRASSLEY, IOWA
DON NICKLES, OKLAHOMA

FRANCIS J. SULLIVAN, STAFF DIRECTOR
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

October 6, 1987

Hon. Harry Hager
Mayor
Town of Cedar Grove
Town Hall
Cedar Grove, West Virginia 25039

Dear Harry:

Enclosed please find the notification received from the U.S. Environmental Protection Agency regarding the approval of funding assistance.

It is a pleasure to pass along this good news.

With best wishes, I am

Sincerely yours,

Robert C. Byrd

RCB:cgw

PART I - ASSISTANCE NOTIFICATION INFORMATION

3. DATE OF AWARD	4. MAILING DATE
9/28/87	10/5/87

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☐ Reimbursement ☐ Letter of Credit	
Grant Agreement		Send Payment Request To:	
Assistance Amendment		X Grants Management Branch	New

8. RECIPIENT	9. PAYEE
Town of Cedar Grove Town Hall Cedar Grove, WV 25039	Town of Cedar Grove Town Hall Cedar Grove, WV 25039

EIN NO.	CONGRESSIONAL DISTRICT	10. RECIPIENT TYPE
	3rd	Town

11. PROJECT MANAGER AND TELEPHONE NO.	12. CONSULTANT (WWT Construction Grants Only)
Harry Hager Mayor 304/595-1841	Dunn Engineers, Inc. Charleston, WV 25302 304/342-3436

13. ISSUING OFFICE (City/State)	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
EPA, Region III Philadelphia, PA 19106	R. Fenton Roudabush, Chief VA/WV Section 215/597-9131

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT CG Only)
Patricia Gaskins 202/382-5184		N/A	II/III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)	
Clean Water Act, Title II	40 CFR Part 35 & 30	a. Treatment Level	C
		b. Project Type	NEW
		c. Treatment Process	C
		d. Sludge Design	C

22. PROJECT TITLE AND DESCRIPTION

Design and construction of interceptro sewer project.

23. PROJECT LOCATION (Areas Impacted by Project)

City/Place	County	State	Congressional District
Cedar Grove	Kanawha	WV	3rd

24. ASSISTANCE PROGRAM (CFDA Program No. & Title)	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/87 - 11/90	N/A

27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
1,250	N/A	$1,661,200

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action		$913,660	
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost		$1,661,200	

39. FISCAL

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GSAW80	87	68X0103.K	W87016	7GSA036000	41.11	$913,660

EPA Form 5700-20A (Rev. 5-82) Replaces previous editions and EPA Forms 5700-1A, B, C, and D, all of which are obsolete.

DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
617 Broad Street
Charleston, WV 25301-1218

Gaston Caperton
Governor
John M. Ranson
Cabinet Secretary

David C. Callaghan
Director
Ann A. Spaner
Deputy Director

August 30, 1994

Mr. Francis R. Snock, Chief
Grants Management Section (3PM71)
Environmental Protection Agency
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: Town of Cedar Grove
C-540324-01

Dear Mr. Snock:

Transmitted are the Part B documents for Contracts A & B of the above referenced project. The State approves the bidding procedures and the grant decrease in the amount of $9,630 reflecting a revised federal grant of $1,012,820 which includes $229,795 for later contracts.

Should you have any questions, please contact Rosalie Brodersen at 558-0637 (or TDD 558-2751).

Sincerely,

OFFICE OF WATER RESOURCES

Mike Johnson

Mike Johnson, P.E.
Assistant Chief
Construction Assistance

MJ/jta

Enclosures

cc: Town of Cedar Grove
Dunn Engineers, Inc.
Bernie Yonkosky, WDA

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

CERTIFIED MAIL

RE: C-540324-02
Town of Cedar Grove

Honorable Roger A. Cooke
Mayor, Town of Cedar Grove
Town Hall
Cedar Grove, West Virginia 25039

Dear Mayor Cooke:

You were advised by a letter dated August 25, 1994, that the bidding procedures for Contracts A & B of the referenced project were approved and that the contracts could be awarded to the low responsive bidders as indicated by the proposal you submitted.

The Part B is conditionally approved pending submittal of Amendment #3 to the Engineering agreement.

In addition, EPA Form 5780-B is approved with the following revisions:

	Item	For Grant Participation
A.	Construction	
	Contract A	$ 698,032
	Contract B	473,001
	Cheylan upgrade	126,000
	Later Contracts	229,795
	Equipment	1,000
B.	Technical Services	126,363
C.	Legal & Fiscal	2,633
D.	Administrative	27,565
E.	Contingency	84,205
F.	Final Planning & Design Allowance	121,670
G.	Advance of Allowance	(48,764)
H.	TOTAL	$ 1,841,500

Printed on Recycled Paper

As the revised eligible project cost is $1,841,500, the grant has been decreased with the concurrence of the West Virginia Division of Environmental Protection to an amount not to exceed $1,012,820. The original and a copy of the Assistance Amendment reflecting the increase in Federal obligation are enclosed. Please execute the amendment and return the original, within twenty-one days of your receipt to Mr. Francis R. Snock, Chief, Grants Management Section (3PM71). The copy should be executed and retained for your files.

When the contracts have been awarded, one executed copy of the construction contracts, performance and payment bonds, and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the West Virginia Division of Environmental Protection. Payment will not be mae by this office for construction until our receipt of these items.

The Assistance Agreement for the project has a condition of submission, prior to final inspection, of an acceptable plan for providing proper and efficient operation and maintenance of the facilities to be constructed. It is requested that three copies of this plan be submitted to the State Agency for approval as soon as possible in order that the review may be made prior to your request for final inspection.

We are enclosing information sheets outlining the procedures to be followed in making contact modifications and for submitting partial payment requests.

Sincerely,

Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDEP
Mr. Bernie Yonkosky, WVWDA
Dunn Engineers, Inc.

STATE OF WEST VIRGINIA

GOVERNOR'S OFFICE

OF

COMMUNITY AND INDUSTRIAL DEVELOPMENT

CHARLESTON 25305

ARCH A. MOORE, JR.
GOVERNOR

May 25, 1988

LYSANDER L. DUDLEY, SR.
DIRECTOR

The Honorable Harry Hager
Mayor
Town of Cedar Grove
Cedar Grove, West Virginia 25039

RE: Wastewater Treatment Facilities
Multi-Year Funding
B-87-DC-54-0001 - $250,000
B-88-DC-54-0001 - $500,000

Notice of Removal of Grant Conditions
Based on Environmental Requirements

Dear Mayor Hager:

On May 9, 1988, the Community Development Division received your Request for Release of Funds and Certification pertaining to the above-referenced activities.

No objections to the release of such funds or to the Certification have been received by this office, and a period of 15 days from and after the receipt of such Request and Certification has expired.

Any and all conditions in the Grant Agreement authorized by the State on March 7, 1988, respecting said project and funding thereof, to the extent the same are based upon the pending environmental review and clearance, are hereby removed.

Effective Date May 25, 1988

For enviromental release purposes, this letter constitutes your authority to use Small Cities Block Grant funds in the amount of $750,000 for the above-referenced activities.

Any future environmental objections to the above activities received after the effective date will be referred to the recipient for resolution.

Sincerely Yours,

Fred Cutlip

Fred Cutlip, Director
Community Development Division

FC:mk

MAY 2 1 1988
Dunn Engineers, Inc.

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CH A. MOORE, JR.
GOVERNOR

May 18, 1988

The Honorable Harry Hager
Mayor
Town of Cedar Grove
Post Office Box 536
Cedar Grove, West Virginia- 25039

Dear Mayor Hager:

Again this year, our State will receive funding from the United States Department of Housing and Urban Development for Community Development activities.

As you know, I have previously approved and set aside $250,000 for phase I of the Wastewater Treatment Facilities project. I am looking forward to receiving and approving the remaining funds for the second half of the project this year, based upon your written request and documentation of adequate project progress.

Although a new project cannot be submitted for Fiscal Year 1988 funds because of the already existing Wastewater Treatment Facilities project, you can be assured that I will give the appropriate consideration to any endeavor which you would propose to me during the 1989 funding cycle.

Thank you for your cooperation. If I can be of further assistance, please let me know.

Sincerely yours,

Arch A. Moore, Jr.
Governor

AAMJr:jp

SMALL CITIES PROGRAM
SECTION I

Project Summary

1. Original X
Amendment ____
Date 5-29-87

2. Name of Eligible Applicant
Town of Cedar Grove

3. F.E.I.N. 55-6000157

4. Address of Applicant
Town of Cedar Grove
P. O. Box 536
Cedar Grove, WV 25039

5. Name/Address/Telephone of Contact Person
Deborah J. Dickerson, Program Specialist
Regional Intergovernmental Council
1223 Leone Lane
Dunbar, WV 25064
(304) 768-8191

6. Name of Project Wastewater Treatment Facilities

7. County Kanawha

8. Region III

9. Component Activities (List as shown in Section IV-A) (a)	Relates to National Objective (b)	Small Cities Funds Requested (c)	Other Funds Source (d)	Other Funds Amount (e)	Total Project Amount (f)
ADMINISTRATION	a	$ 20,000		$ -0-	$ 20,000
Engineering	a	90,334	KCC,EPA,Bonds	275,812	366,146
Land Acquisition	a	40,000		-0-	40,000
Construction	a	538,666	KCC,EPA,Bonds	997,934	1,536,600
Legal/Accounting	a	61,000	KCC,EPA,Bonds	50,000	111,000
TOTAL	XXXXXXXXXXXXX XXXXXXXXXXXXX	$ 750,000	XXXXXXXXXXXXX XXXXXXXXXXXXX	$ 1323,746	$ 2,073,746

10. Status of Other Funds (If approved, attach verification) See Page 2, Status of Other Funds

11. Relationship of Activities to National Objectives (Post to Column 9b)

a. Benefit to low/moderate income persons

b. Existing conditions pose a serious and immediate threat to health and welfare where other financial resources are not available to meet such needs.

c. Aid in the prevention or elimination of blighted or deteriorated areas.

12. Functional Category

__ Neighborhood Revitalization
x Community Facilities
__ Housing
__ Economic Development
__ Public Services
__ Community Planning

13. To the best of my knowledge and belief, data in this proposal is true and correct, the submission thereof has duly been authorized by the governing body, and the applicant will comply with the attached assurances and certifications if assistance is provided.

Typed Name: Harry Hager
Signature: Harry Hager
Title: Mayor
Date: 5-29-87

SMALL CITIES PROGRAM
SECTION IV

B. Proposed Budget

1. Name of Applicant
TOWN OF CEDAR GROVE

2. Name of Project
Cedar Grove Waste Treatment Facilities

Original ____
Amendment # 1
Date 07-27-87

COST CLASSIFICATION (a)	SMALL CITIES FUNDS (c)	OTHER FUNDS*	TOTAL FUNDS (d)
A. Administration (limited to 10%)**	$ 20,000		$ 20,000
B. Architectural/Engineering/ Professional Services***	90,334	$ 72,922 Bonds 51,194 KCC 151,696 EPA	366,146
C. Land Acquisition Costs	40,000		40,000
D. Relocation Payments/Assistance			
E. Demolition/Clearance Activities			
F. Facility Improvements	538,666	198,806 KCC 799,128 EPA	1,536,600
G. Housing Rehabilitation Improvements			
H. Housing Rehabilitation Specialist			
I. Planning (community planning programs only)			
J. Other Legal Accounting & Audit	61,000	17,550 Bonds 32,450 EPA	111,000
K. Subtotal	750,000	250,000 KCC 983,274 EPA 90,472 Bonds	2,073,746
L. Less Program Income			
M. Total Project Cost	750,000	1,323,746	2,073,746

*Attach documentation regarding the current status of these funds.
**Increase to 13% if administering rental rehab; all applicants must complete the administrative budget, p.9.
***Attach listing of services and itemized costs.

Regional Intergovernmental Council
1223 Leone Lane
Dunbar, West Virginia 25064

Donald L. Samples
Chairman
Michael J. Russell
Executive Director

July 27, 1987

TO: Doug Schmidt
Community Development Representative

FROM: Deborah J. Dickerson
Program Specialist

RE: Town of Cedar Grove's 1987 SCBG application

In reference to your letter of July 15, 1987, concerning the Town of Cedar Grove's 1987 SCBG application for $750,000 to fund a wastewater treatment plant, the following information has been enclosed:

1. Land acquisition activities will involve rights-of-way and appraisals to implement the project. According to the engineer, a majority of the funds requested for land acquisition will be used to cover costs for preparation and execution of plats. Once the project is funded a more detailed description of each right-of-way and appraisal will be undertaken. This information will be provided to your office upon completion.

2. Engineering fees will include:

Basic Services	$165,000
Special Services	103,000
Inspection & Construction Management	98,146
TOTAL	$366,146

3. Legal and accounting fees will involve all services connected with construction of the new system, including legal matters concerning rights-of-way, and land appraisals, Public Service Commission hearings, preparation of the Certificate of Convenience, special assistance to property owners, bond counsel , monitoring of grant funds and preparation and maintenance of a financial management system.

Telephone (304) 768-8191

4. At present, the Town is No. 2 on the Department of Natural Resources FY'87 Construction Grants Priority List. The Facilities Plan for the project was submitted to DNR in January of 1987. The Kanawha County Commission has committed $250,000 toward project costs. A copy of the letter of intent to fund the project is enclosed. No other funds have been committed toward project costs. Once HUD and EPA funds are secured and a construction contract has been awarded, the Town will apply for bonds through the Water Development Authority to supplement project costs.

5. A revised Section IV b is enclosed.

Please contact me if you have any questions or need clarification on any of the information I have submitted.

DJD/dt

Encl.

cc: Harry Hager, Mayor
Town of Cedar Grove

Office of the KANAWHA COUNTY COMMISSION

Robert F. Silverstein, President
F. Douglas Stump
Don Joe Hunt

Post Office Box 3226
Charleston, West Virginia 25332

Telephone (304) 357-0101

December 23, 1986

RE: LETTER OF INTENT - COMMUNITY DEVELOPMENT

AGENCY: TOWN OF CEDAR GROVE PHONE NUMBER: 595-1841

ADDRESS: TOWN HALL, P. O. BOX 546 FUNDS: $234,482.00 CD

CEDAR GROVE, W. VA. 25039

PROJECT DIRECTOR: MAYOR HARRY HAGER LOCAL FUNDS:

PROJECT SUMMARY: PROVIDING LOCAL FUNDS TO MATCH EPA/DNR AND OTHER LOCAL MONEY FOR A NEW SEWER SYSTEM IN CEDAR GROVE FOR APPROXIMATELY 475 HOMES

Dear Mayor Hager:

Please be advised that the Kanawha County Commission has appropriated, as of this date, the money outlined above as per your request; however, before any money is officially obligated you must sign and return the attached Specific Requirements. These requirements are an essential part of this Letter of Intent.

The Kanawha County Commission also requires that you comply with the rules and regulations of the Kanawha County Purchasing Department relating to the purchasing of materials and/or contracting of services. Costs accrued from the project will be paid upon proper presentation of signed invoices to the Kanawha County Commission in an amount not exceeding the total amount of funds committed to this project.

The Kanawha County Commission is honored in having the opportunity of working with you in this worthwhile project for the citizens of Kanawha County.

Sincerely yours,

COUNTY COMMISSION OF KANAWHA COUNTY

Robert F. Silverstein, President

F. Douglas Stump, Commissioner

Don Joe Hunt, Commissioner

SPECIFIC REQUIREMENTS

This allocation of $234,482.00 from Community Development Funds shall be used to assist in the administration, implementation and control of sewage collector lines and transmission of sewage by the Town of Cedar Grove.

An approximate 1.6 million dollar sewer project for Cedar Grove is being designed to collect sewage and transport same to East Bank for treatment.

Approximately 45% to 50% of the project costs will be funded by EPA. Local funding will be from local bonds and Kanawha County Commission grant.

All rules and regulations of the Kanawha County Purchasing Department shall be followed in the expenditure of these funds.

Upon the receipt of properly acquired and approved invoices, the Kanawha County Commission will pay for expenses incurred in this project in an amount not to exceed $234,482.00.

CERTIFICATION OF COMPLIANCE

I hereby acknowledge the aforementioned Specific Requirements and certify to their compliance in the expenditure of these monies. I also hereby acknowledge that any funds expended in contravention of federal or state laws and regulations and these Specific Requirements, that may be identified as an audit exception requiring repayment, will be the sole responsibility of the recipient organization and not the Kanawha County Commission.

Project Director

Agency

Date: 12-26-96

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENT
12. TRUTH AND ACCURACY
13. SPECIMEN BONDS
14. GRANTS
15. TREATMENT AGREEMENT
16. NO FEDERAL GUARANTY
17. IRS INFORMATION RETURN
18. CONFLICT OF INTEREST

We, the undersigned MAYOR and the undersigned RECORDER of The Town of Cedar Grove, West Virginia (herein called the "Town"), and the undersigned ATTORNEY for the Town, hereby certify in connection with the single, fully registered The Town of Cedar Grove, West Virginia Sewer Revenue Bonds, Series 1994, numbered R-1, dated the date hereof, in the principal amount of $222,000 and bearing interest at the rate of six and three-quarters percent (6.75%) per annum (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance duly passed by the Council (the "Council") of the Town on June 28, 1994, effective July 12, 1994, and the Supplemental Resolutions adopted July 26, 1994, August 9, 1994 and September 1, 1994, relating to the Bonds (collectively, the "Ordinance"), and the Loan Agreement (the "Loan Agreement") entered into between the Town and the West Virginia Water Development Authority (the "Authority"), dated September 2, 1994.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Council of the Town authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof;

nor questioning the existence of the Town or the title of the members or officers of the Town or of the Council thereof to their respective offices; nor questioning the design and the subsequent construction and acquisition for extensions, improvements or betterments to the existing sewer system (the "System") of the Town financed in part by the proceeds of sale of the Bonds (herein called the "Project"), nor operation by the Town of the Project (the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System or the pledge of the revenues to the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the design and construction of the Project, operation of the System, and issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1, of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Town since July 26, 1994. There are no outstanding obligations of the Town which will rank prior to or on a parity with the Bonds as to source of and security for payment.

5. SIGNATURES: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and serving officers of the Town as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds for the Town. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Town.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby covenants that he has filed any information with the Public Service Commission of West Virginia (the "Commission") and taken any other actions required to maintain the Public Service Commission order dated November 9, 1993, in full force and effect. The rates were enacted by ordinance adopted June 22, 1993, and the Town has complied with all requirements of the Public Service Commission to make the rates valid and effective and such rates are in full force and effect.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Town is "The Town of Cedar Grove", and it is a municipal corporation of the State of West Virginia in Kanawha County of said State. The governing body of the Town is its Council, consisting of five members, a Mayor and a Recorder, whose names and dates of commencement and termination of terms of office

for all members during these Bond proceedings, including current terms, are listed below:

Office	Name	Date Of Commencement Of Office	Date Of Termination Of Office
Mayor and Chairman of Sanitary Board	Roger A. Cooke	July 1, 1991	June 30, 1995
Recorder	Carolyn Bennett	July 1, 1991	June 30, 1995
Council Member	James Hudnall	July 1, 1991	June 30, 1995
Council Member	Michael Coleman	July 1, 1991	June 30, 1995
Council Member	Timothy Easterday	July 1, 1991	June 30, 1995
Council Member	Kent Stanley	July 1, 1991	June 30, 1995
Council Member	Clayton Young, Jr.	July 1, 1991	June 30, 1995

The Sanitary Board is composed of the Mayor, Troy Page and Jeff Bitzer, who were appointed respectively on September 28, 1993 and December 14, 1993. Jeff Bitzer is a registered professional engineer. The duly appointed and acting Town Attorney is Albert F. Good, Esquire, Charleston, West Virginia.

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

9. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Town in any way connected with the construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Council duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of Council, and a quorum of duly appointed, qualified and acting members of the Council was present and acting at all times during all such meetings.

10. INSURANCE: The Town will maintain or, as appropriate, will require all contractors to maintain Worker's Compensation, public liability and property damage insurance,

standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Town contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Town has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading.

12. TRUTH AND ACCURACY: As of the date hereof, Roger A. Cooke, Mayor of the Town, and Carolyn Bennett, Recorder of the Town, hereby certify that the copies of documents previously or on the date hereof certified by them as being true and accurate are true and accurate as of the date hereof and that none of such documents has been repealed, rescinded, amended or otherwise modified.

13. SPECIMEN BONDS: Attached hereto as Exhibit A is a specimen of the Bonds which, except as to execution and authentication, are identical in all respects with such Bonds this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

14. GRANT: The Town has received grants from the United States Environmental Protection Agency in the amount of $1,022,450, a HUD Small Cities Block Grant in the amount of $750,000 and a Kanawha County Commission Grant in the amount of $234,482, which grants are in full force and effect.

15. TREATMENT AGREEMENT: The Town has entered into a Service Agreement with the Chelyan Public Service District (the "District"), Chelyan, West Virginia, dated March 30, 1993, by which the Sanitary Board of the District agreed to receive and treat sewage from the Town, which agreement has been submitted to the Public Service Commission for approval.

16. NO FEDERAL GUARANTY: The Bonds are not, in whole or in part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

17. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a

timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

18. CONFLICT OF INTEREST: No officer or employee of the Town has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Town and the sale of any land, materials, supplies or services to the Town, or to any contractor supplying the Town, relating to the Bonds, the authorizing document and/or the Project, including without limitation, with respect to the depository bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

WITNESS our signatures and the official corporate seal of The Town of Cedar Grove, West Virginia on this 2nd day of September, 1994.

[SEAL]

Signature	Official Title
Roger A Clarke	Mayor and Chairman of the Sanitary Board
Carolyn Bennett	Recorder
Albert J Good	Town Attorney

ABB041DD

EXHIBIT A

SPECIMEN BOND

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF CEDAR GROVE, WEST VIRGINIA
SEWER REVENUE BONDS,
SERIES 1994

No. R-1 $222,000

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF CEDAR GROVE, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Two Hundred Twenty-Two Thousand Dollars ($222,000), in installments on the first day of October each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum as set forth on said Exhibit A.

"SPECIMEN"

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning October 1, 1994. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

"SPECIMEN"

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated as of September 2, 1994, between the Town and the Authority.

This Bond is issued (1) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System"); (2) to pay interest on the Bonds during and for six months after completion of the Project; (3) to pay certain issuance and related costs in connection therewith. This Bond is authorized and issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly adopted by the Council of the Town on the 28th day of June, 1994,

effective on the 12th day of July, 1994, and supplemented thereby on the 26th day of July, 1994, the 9th day of August, 1994, and the 1st day of September, 1944 (collectively, the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is payable only from and secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance (the "Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds and other obligations which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall said Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of said System and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on the Bonds and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided, however, that so long as there exist in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and the reserve accounts for any obligations prior to or on a parity with the Bonds, are funded at the respective requirement therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to said Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

"SPECIMEN"

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

"SPECIMEN"

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Ordinance, shall be applied solely to the costs of acquisition and construction of the Project, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Town, does not exceed

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any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System of said Town has been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, THE TOWN OF CEDAR GROVE, WEST VIRGINIA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto impressed and attested by its Recorder, all as of the 2nd day of September, 1994.

THE TOWN OF CEDAR GROVE,
WEST VIRGINIA

"SPECIMEN"

Mayor

[SEAL]

ATTEST:

"SPECIMEN"

Recorder

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Sewer Revenue Bonds, Series 1994, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: September 2, 1994

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By _____
Its Authorized Officer

"SPECIMEN"

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EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	1,207.13	1,207.13
10/1/95	6.75%	0.00	14,985.01	14,985.01
10/1/96	6.75%	1,366.38	14,985.01	16,351.39
10/1/97	6.75%	1,458.62	14,892.78	16,351.40
10/1/98	6.75%	1,557.07	14,794.32	16,351.39
10/1/99	6.75%	1,662.18	14,689.22	16,351.40
10/1/00	6.75%	1,774.37	14,577.02	16,351.39
10/1/01	6.75%	1,894.15	14,457.25	16,351.40
10/1/02	6.75%	2,022.01	14,329.39	16,351.40
10/1/03	6.75%	2,158.50	14,192.90	16,351.40
10/1/04	6.75%	2,304.19	14,047.20	16,351.39
10/1/05	6.75%	2,459.72	13,891.67	16,351.39
10/1/06	6.75%	2,625.76	13,725.64	16,351.40
10/1/07	6.75%	2,802.99	13,548.40	16,351.39
10/1/08	6.75%	2,992.19	13,359.20	16,351.39
10/1/09	6.75%	3,194.17	13,157.23	16,351.40
10/1/10	6.75%	3,409.77	12,941.62	16,351.39
10/1/11	6.75%	3,639.94	12,711.46	16,351.40
10/1/12	6.75%	3,885.63	12,465.76	16,351.39
10/1/13	6.75%	4,147.91	12,203.48	16,351.39
10/1/14	6.75%	4,427.89	11,923.50	16,351.39
10/1/15	6.75%	4,726.78	11,624.62	16,351.40
10/1/16	6.75%	5,045.83	11,305.56	16,351.39
10/1/17	6.75%	5,386.42	10,964.97	16,351.39
10/1/18	6.75%	5,750.01	10,601.39	16,351.40
10/1/19	6.75%	6,138.13	10,213.26	16,351.39
10/1/20	6.75%	6,552.45	9,798.94	16,351.39
10/1/21	6.75%	6,994.75	9,356.65	16,351.40
10/1/22	6.75%	7,466.90	8,884.50	16,351.40
10/1/23	6.75%	7,970.92	8,380.48	16,351.40
10/1/24	6.75%	8,508.95	7,842.44	16,351.39
10/1/25	6.75%	9,083.30	7,268.09	16,351.39
10/1/26	6.75%	9,696.43	6,654.97	16,351.40
10/1/27	6.75%	10,350.94	6,000.46	16,351.40
10/1/28	6.75%	11,049.62	5,301.77	16,351.39
10/1/29	6.75%	11,795.47	4,555.92	16,351.39
10/1/30	6.75%	12,591.67	3,759.73	16,351.40
10/1/31	6.75%	13,441.61	2,909.79	16,351.40
10/1/32	6.75%	14,348.91	2,002.48	16,351.39
10/1/33	6.75%	15,317.47	1,033.93	16,351.40
		$222,000.00	$415,545.14	$637,545.14

"SPECIMEN"

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[Form of Assignment]

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

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

Dated: _____, _____.

_____

In the presence of:

_____

"SPECIMEN"

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THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Carolyn Bennett, the duly elected Recorder of The Town of Cedar Grove, West Virginia (the "Town") hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of The Town of Cedar Grove, West Virginia $222,000 Sewer Revenue Bonds, Series 1994 (the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Town and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter of the Town.

2. Resolution adopted by the Council of the Town (the "Council") on September 14, 1993, promulgating rules and regulations in compliance with Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended.

3. Oaths of Office of the Mayor, Recorder, members of Council and Sanitary Board members.

4. Ordinance creating Sanitary Board passed by Council on September 28, 1993.

5. Rate Ordinance.

6. Affidavit of Publication regarding Notice of Rate Ordinance published in The Charleston Gazette and Charleston Daily Mail.

7. Minutes of Council meeting held June 22, 1993, regarding passage of Rate Ordinance.

8. Sanitary Board Petition dated October 19, 1993.

9. United States Environmental Protection Agency Assistance Agreement with Part-B Letter.

10. Bond Ordinance (the "Ordinance") passed by Council on June 28, 1994.

11. Resolution adopted by Council on June 28, 1994, authorizing publication of an abstract and notice of the Ordinance.

12. Minutes of the June 28, 1994, meeting of council wherein the Bond Ordinance and Resolution Authorizing Publication of an Abstract and Notice of Ordinance were adopted.

13. Affidavits of publication of the abstract and notice of the Ordinance published in The Charleston Gazette and Charleston Daily Mail.

14. Resolution adopted by Council on July 12, 1994, putting Ordinance into effect.

15. Minutes of the July 12, 1994, meeting of council wherein the Resolution putting Ordinance into effect was adopted.

16. Supplemental Resolutions adopted by Council on July 26, 1994, August 9, 1994 and September 1, 1994, authorizing the sale of the Bonds.

17. Minutes of the July 26, 1994, August 9, 1994 and September 1, 1994, meetings of Council wherein the Supplemental Resolutions were adopted.

18. West Virginia Water Development Authority Loan Agreement dated September 2, 1994.

19. Service Agreement by and between The Town of Cedar Grove and the Chelyan Public Service District, West Virginia dated as of the 30th day of March, 1994.

WITNESS our signatures and the official seal of The Town of Cedar Grove, West Virginia as of the 2nd day of September, 1994.

Carolyn Bennett
Recorder
~~The~~ Town of Cedar Grove

(SEAL)

ABB041E2

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

CERTIFICATE AS TO NON-ARBITRAGE

I, Roger A. Cooke, acting Mayor of The Town of Cedar Grove, West Virginia (the "Town"), being one of the officials of the Town duly charged with the responsibility for the issuance of $222,000 aggregate principal amount of Sewer Revenue Bonds, Series 1994, of the Town, dated September 2, 1994 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code"). I am one of the officers of the Town charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Town.

2. This certificate may be relied upon as the certificate of the Town.

3. The Town has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer and certification of which may not be relied upon by holders of obligations of the Town or that there is any disqualification of the Town by the Internal Revenue Service because a certification made by the Town contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Town in existence on September 2, 1994, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Town set forth herein are reasonable.

5. In the Bond Ordinance (the "Ordinance") pursuant to which the Bonds are issued, the Town has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Bonds were sold on September 2, 1994, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $222,000 (100% of par).

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying costs, not otherwise provided, of acquisition and

construction of certain extensions, improvements and betterments to the existing public sewage system of the Town (the "Project"), (ii) paying capitalized interest on the Bonds during construction, and (iii) paying costs of issuance and other costs in connection therewith.

8. The Town shall, within 30 days following delivery of the Bonds, enter into agreements which require the Town to expend in excess of $100,000 on the Project constituting a substantial binding commitment or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds deposited in a reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, with the exception of the reserve account deposits, will be expended for payment of Costs of the Project on or before September 2, 1994. Construction of the Project is expected to be completed by March 31, 1995.

9. The total cost of the Project is estimated at $2,219,302. Sources and uses of funds for the Project are as follows:

SOURCES	
Bond Proceeds	$ 222,000
EPA Grant	$1,012,820
SCB Grant	$ 750,000
KCC Grant	$ 234,482
Total Sources	$2,219,302
USES	
Acquisition and Construction of Project	$2,190,317
Capitalized Interest	$ 14,985
Closing Costs	$ 14,000
Total Uses	$2,219,302

The amount of Project costs not expected to be reimbursed by the grant from the United States Environmental Protection Agency (the "EPA Grant") is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, the EPA Grant, the HUD Small Cities Block Grant (the "SCB Grant"), the Kanawha County Commission Grant (the "KCC Grant") and as otherwise provided in the Ordinance, no other funds of the Town will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures

without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Ordinance, the following special funds or accounts have been continued or created:

The following special funds or accounts are created with and shall be held by, the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund;

The following special funds or accounts are established with the Commission:

(1) Sinking Fund; and

(a) Within the Sinking Fund, the Reserve Account.

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

(1) Bond proceeds in the amount of $-0- will be deposited with the Municipal Bond Commission in the Reserve Account as set forth in the Supplemental Resolution.

(2) The balance of the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project including but not limited to payment of cost of issuance.

12. Moneys held in the Sinking Fund will be used solely to pay principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of and interest on the Bonds, as the same shall become due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Sinking Fund and Reserve Account shall be transferred, not less than once each year to the Bond Construction Trust Fund prior to completion of the Project, and thereafter into the Revenue Fund.

13. Except for the Sinking Fund and the Reserve Account, there are no other funds or accounts established or held by the Town which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for Bonds, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Town encounters financial difficulties. The Town does not expect that moneys in

the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds will be deposited in the Reserve Account or any other reserve or replacement fund. The amounts deposited in the Reserve Account from time to time by the Town will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Reserve Account is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

14. The Town expects to enter into a contract within 10 days of the date hereof or has already entered into such a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or $100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of September 2, 1994.

16. The Town will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. All of the proceeds of the Bonds will be expended on the Project within 13 months from the date of issuance thereof.

18. Any money deposited in the Sinking Fund for payment of the principal and interest on the Bonds (other than the Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and any moneys received from the investment of amounts held in the Sinking Fund (other than in the Reserve Account therein) will be spent within a one (1) year period beginning the date of receipt.

19. All the proceeds of the Bonds which were used for the payment of costs of the Project will be expended for such purposes within 3 years of September 2, 1994.

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

21. All property financed with the proceeds of the Bonds will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The Town shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

25. The Town has general taxing powers to finance operations of or facilities of the nature of the system, and the Town and all subordinate entities reasonably expect to issue less than $5,000,000 of tax-exempt obligations during calendar year 1994 and has issued no other tax-exempt obligations during the current calendar year and the Town believes that it may avail itself of the "small governmental issuer" exception to rebate.

26. The Town shall use the proceeds of the Bonds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Town.

27. The Town shall not permit at any time or times any of the proceeds of the Bonds, or any other funds of the Town, to be used directly or indirectly in a manner which would result in the exclusion of Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Town will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

28. The Bonds, in whole or in part, are not and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

29. The Town will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

30. The Town has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

31. The Town shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

32. The Town has either (a) funded the Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Reserve Account which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

33. The Town shall submit to the Authority within thirty (30) days following the end of the Town's bond year a certified copy of its rebate calculation or if the Town qualifies for the small governmental issuer exception to rebate, then the Town shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

34. The Town expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

35. The Town covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

36. Jackson & Kelly is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 2nd day of September, 1994.

THE TOWN OF CEDAR GROVE

By _____
Mayor

ABB041E3

Form **8038-G** (Rev. May 1993)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
(Use Form 8038-GC if the issue price is under $100,000.)

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: The Town of Cedar Grove, West Virginia

2 Issuer's employer identification number: 55 :6000157

3 Number and street (or P.O. box if mail is not delivered to street address): P.O. Box 536

Room/suite:

4 Report number: G19 94 -1

5 City, town, state, and ZIP code: Cedar Grove, WV 25039

6 Date of issue: September 2, 1994

7 Name of issue: The Town of Cedar Grove, West Virginia $222,000 Sewer Revenue Bonds, Series 1994

8 CUSIP Number: N/A

Part II Type of Issue (check applicable box(es) and enter the issue price)

		Issue price
9	☐ Education (attach schedule–see instructions)	$
10	☐ Health and hospital (attach schedule–see instructions)	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds)	$222,000
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see Instructions) ▶	
17	If obligations are tax or other revenue anticipation bonds, check box ▶ ☐	
18	If obligations are in the form of a lease or installment sale, check box ▶ ☐	

Part III Description of Obligations

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19	Final maturity.	10/1/2033	6.75%	15,317.47	15,317.47			
20	Entire issue			222,000.00	222,000.00	27.73 years	6.75063%	6.75000%

Part IV Uses of Original Proceeds of Bond Issue (including underwriters' discount)

21	Proceeds used for accrued interest			21	-0-
22	Issue price of entire issue (enter amount from line 20, column (c))			22	222,000
23	Proceeds used for bond issuance costs (including underwriters' discount)	23	14,000		
24	Proceeds used for credit enhancement	24	-0-		
25	Proceeds allocated to reasonably required reserve or replacement fund	25	-0-		
26	Proceeds used to refund prior issues	26	-0-		
27	Total (add lines 23 through 26)			27	14,000
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)			28	208,000

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

29 Enter the remaining weighted average maturity of the bonds to be refunded ▶ N/A years

30 Enter the last date on which the refunded bonds will be called ▶

31 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue ▶ N/A

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶ N/A

34 Pooled financings:

a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶ N/A

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

35 If the issuer has elected to pay a penalty in lieu of rebate, check box ▶ ☐

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Roger A Cooke 9/2/94
Signature of officer — Date

Roger A. Cooke, Mayor
Type or print name and title

For Paperwork Reduction Act Notice, see page 1 of the Instructions. Cat. No. 63773S Form **8038-G** (Rev. 5-93)

*U.S. Government Printing Office: 1993 — 343-034/80150

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

CERTIFICATE OF CONSULTING ENGINEER

I, Joseph F. Dunn, Registered Professional Engineer, West Virginia License No. 4492, of Dunn Engineers, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify that my firm is engineer for the construction management of certain extensions, improvements and betterments to the existing sewer system (herein called the "Project") of The Town of Cedar Grove, West Virginia (the "Town") to be constructed in Kanawha County, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Town. Capitalized words not defined herein shall have the meaning set forth in the Bond Ordinance passed by the Council of the Town on June 28, 1994, effective July 12, 1994, and the Loan Agreement by and between the Town and the West Virginia Water Development Authority (the "Authority") dated September 2, 1994.

1. The Bonds are being issued for the purpose of permanently financing the costs of acquisition and construction of the extensions, improvements and betterments to the system, and paying the costs not otherwise provided of acquisition and construction of the Project. The Town has received a grant from the United States Environmental Protection Agency in the amount of $1,012,820, a HUD Small Cities Block Grant in the amount of $750,000 and a grant from the Kanawha County Commission in the amount of $234,482.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans and specifications prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Town has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, (iv) the Town has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) that the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 2nd day of September, 1994.

DUNN ENGINEERS, INC.

[Seal]

By _____
Joseph F. Dunn
License No. 4492

ABB041D8

WDA-4
(May 1993)

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

AMENDED APPLICATION FOR A CONSTRUCTION LOAN

1. Full legal name of Applicant: Town of Cedar Grove

2. Date of original Application for a Construction Loan (the "Original Application") (date signed by Applicant): June 7, 1994

3. (a) Date bids for Project were received: May 23, 1994
   (b) Expiration date of bids: September 20, 1994
   (c) Attach copies of apparent responsible, acceptable low bids.

4. Complete attached Amended Schedule A: "Total Cost of Project, Sources of Funds and Cost of Financing," based on bids received. If construction of the Project has begun, indicate any changes to date from the cost of and sources of funds for the Project as bid. Revise and attach (as Amended Schedule B) a complete "Cash Flow Analysis" for the Project, based on bids received.

5. Set forth any other modifications to information included in or with the Original Application. Indicate to which paragraph of or exhibit to the Original Application the modified information applies.

* * * *

The undersigned, as a duly authorized representative of the Consulting Engineer, certifies that he has completed this Amended Application, including the exhibit documents attached, and consents to the use of such information by the Authority in connection with the financing of the Project.

Terry L. Myers
(Signature)

Date: September 1, , 19 94

The undersigned officer of the Applicant hereby certifies to the West Virginia Water Development Authority that he is duly authorized to execute this Amended Application on behalf of the Applicant and that the information contained in this Amended Application and in the exhibit documents attached hereto is true, correct and complete to the best knowledge and belief of the undersigned.

Name of Applicant (Typed): Town of Cedar Grove

By: (Signature) Roger A Cooke

Title: Roger A. Cooke, Mayor

Date: Sept 2, 1994

ABB02E19

DATE: 9/1/94

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Water Development Authority
TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	Construction		$ 1,574,111	
2.	Technical Services		$ 354,882	
3.	Legal and Fiscal		$ 49,000	
4.	Administrative		$ 42,000	
5.	Site and Other Lands		$ 25,000	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)		$ 26,100	(See Note 1)
7.	Interim Financing Costs		$ 20,000	
8.	Contingency		$ 99,224	
9.	Total of Lines 1 through 8			$ 2,190,317

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	EPA	$ 1,012,820	
			$	
11.	State Grants: (Specify Source)	HUD SCBG	$ 750,000	
			$	
			$	
			$	
12.	Other Grants: (Specify Source)	Kanawha Co. Commission	$ 234,482	
			$	
13.	Any Other Source[2] (Specify)		$	
			$	
14.	Total of Lines 10 through 13			$ 1,997,302
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)			$ 193,015

---

[1] Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

[2] For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	$ 14,985	
17.	Funded Reserve Account[3]	$	
18.	Other Costs[4]	$ 14,000	
19.	Total Cost of Financing (Lines 16 through 18)		$ 28,985
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 222,000

Additional or explanatory material may be provided on additional sheets attached to Amended Schedule A.

Roger A Grube
SIGNATURE OF AUTHORIZED OFFICER OF APPLICANT

Terry L. Myers
SIGNATURE OF ENGINEER

NOTE 1: OTHER COSTS

DEP Filing Fee	$ 2,500
Loan Committee Fee	2,500
Contribution to Quincy Pump Station	3,500
Cedar Terrace Line Repair	14,500
Kellys Creek Line Repair	3,100
	$26,100

[3] Consult with bond counsel and the Authority before assuming a funded reserve.

[4] For example, fees of bond counsel for the Governmental Agency.

Smith, Cochran & Hicks
Certified Public Accountants

Charles S. Smith, CPA
Dennis R. Hicks, CPA
Jill E. Patterson, CPA
Todd F. Dingess, CPA

400 Capitol Street, Suite 200
Charleston, West Virginia 25301
Tel 304 345-1151 FAX 304 346-6731

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

Smith, Cochran & Hicks, Certified Public Accountants, have reviewed the sewer service rates which were adopted by the Town of Cedar Grove, West Virginia (the "Town") and which were approved in the Final Order of the Public Service Commission of West Virginia granting the District a Certificate of Convenience and Necessity and approving the financing of the Project dated November 9, 1993. It is our opinion that those rates are adequate to pay operation and maintenance expenses, and to meet the debt service coverage requirements of the Bond Ordinance and Supplemental Resolution adopted by the Council of the Town (the "Council") on June 28, 1994, and July 26, 1994, respectively, as supplemented, and are sufficient to comply with the provisions of the Loan Agreement entered into among the Town and the West Virginia Water Development Authority on September 2, 1994.

WITNESS my signature as of this 2nd day of September, 1994.

SMITH, COCHRAN & HICKS

Smith, Cochran & Hicks

Certified Public Accountants

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 2nd day of September, 1994, by and between THE TOWN OF CEDAR GROVE, WEST VIRGINIA, a municipal corporation (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its $222,000 Sewer Revenue Bonds, Series 1994, in the form of one bond numbered R-1 in fully registered form (the "Bonds"), pursuant to a Bond Ordinance duly passed June 28, 1994, effective July 12, 1994, and Supplemental Resolutions adopted July 26, 1994, August 9, 1993 and September 1, 1994 (collectively, the "Ordinance");

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

WHEREAS, the Ordinance provides for an appointment by the Governmental Agency of a Registrar for the Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar, for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

GOVERNMENTAL AGENCY:

The Town of Cedar Grove
P. O. Box 536
Cedar Grove, WV 25039
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
Summers and Lee Streets
P. O. Box 1793
Charleston, WV 25326
Attention: Corporate Trust Department

The Governmental Agency and the Registrar shall notify the other in writing of any change of address.

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

IN WITNESS WHEREOF, THE TOWN OF CEDAR GROVE and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

THE TOWN OF CEDAR GROVE

By: _____
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: _____ V.P.
Authorized Officer

ABB041E1

EXHIBIT A

See Bond Ordinance (Tab No. 9)

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The City National Bank of Charleston, with its principal office in Charleston, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The Town of Cedar Grove, West Virginia duly passed on June 28, 1994, effective July 12, 1994, and the Supplemental Resolutions adopted July 26, 1994, August 9, 1994 and September 1, 1994 (collectively, the "Ordinance"), authorizing issuance of The Town of Cedar Grove, West Virginia Sewer Revenue Bonds, Series 1994, dated September 2, 1994, in the aggregate principal amount of $222,000 (the "Bonds") and agrees to perform all duties of Depository Bank, all as set forth in said Ordinance.

Witness my signature as of the 2nd day of September, 1994.

THE CITY NATIONAL BANK OF CHARLESTON

By _____
Jack Cavendar JC
Senior Vice President

ABB041D9

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION AND DELIVERY OF THE BONDS

September 2, 1994

One Valley Bank, National Association
P. O. Box 1793
Charleston, West Virginia 25326

Ladies and Gentlemen:

We herewith hand to you, duly executed, $222,000 Sewer Revenue Bonds, Series 1994, in the form of one bond numbered R-1 (the "Bonds") of The Town of Cedar Grove, West Virginia (the "Town"), authorized to be issued under and pursuant to the Bond Ordinance, duly passed by the Council of the Town on June 28, 1994, effective July 12, 1994, and Supplemental Resolutions adopted by the Council on July 26, 1994, August 9, 1994 and September 1, 1994 (collectively, the "Ordinance").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Town to the West Virginia Water Development Authority.

THE TOWN OF CEDAR GROVE

By _____
Mayor
The Town of Cedar Grove

(SEAL)

Attest:

_____
Recorder, The Town of Cedar Grove

ABB041E5

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

CERTIFICATE OF REGISTRATION OF BONDS

I, Bruce C. Leckie, Vice President of One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 2nd day of September, 1994, the bonds of The Town of Cedar Grove, West Virginia in the principal amount of $222,000 designated "The Town of Cedar Grove, West Virginia Sewer Revenue Bonds, Series 1994" (the "Sewer Revenue Bonds"), and numbered R-1, dated as of the date hereof, were registered as to principal and the Sewer Revenue Bonds, Series 1994 were registered as to interest in the name of "West Virginia Water Development Authority" in the books of the Town kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, Charleston, West Virginia, as Registrar.

WITNESS my signature as of the 2nd day of September, 1994.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By Bruce Leckie V.P.
Authorized Officer

ABB041E0

BOND REGISTER

ONE VALLEY BANK, NATIONAL ASSOCIATION
Charleston, West Virginia,
as Bond Registrar
for
The Town of Cedar Grove, West Virginia
Sewer Revenue Bonds,
Series 1994

Bondholder	Bond Number	Registration Amount	Date	Authorized Officer
West Virginia Water Development Authority Dunbar, WV 25064	R-1	$222,000	September 2, 1994	

AB806977

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

RECEIPT FOR BONDS

The undersigned, Daniel B. Yonkosky, Director of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 2nd day of September, 1994, in Dunbar, West Virginia, the Authority received the entire original issue of $222,000 in aggregate principal amount of The Town of Cedar Grove, West Virginia Sewer Revenue Bonds, Series 1994 (the "Bonds"), said Bonds being dated the 2nd day of September, 1994; and issued in the form of one bond, fully registered to the Authority, and numbered R-1.

2. At the time of receipt of such Bonds, they had been executed by Roger A. Cooke, as Mayor of The Town of Cedar Grove, by manual signature, and attested by Carolyn Bennett as Recorder of The Town of Cedar Grove, by manual signature, and the official seal of said Town had been impressed upon each Bond.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 2nd day of September, 1994.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky
Director

ABB041E4

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

$222,000 Sewer Revenue Bonds, Series 1994

RECEIPT FOR BOND PROCEEDS

The undersigned Roger A. Cooke, Mayor of The Town of Cedar Grove (the "Town"), hereby certifies as follows:

1. The Town has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the Town's $222,000 Sewer Revenue Bond, Series 1994, of the proceeds of said bond in the amount of $222,000.

IN WITNESS WHEREOF, The Town of Cedar Grove has caused this receipt to be executed by the acting Mayor of The Town of Cedar Grove on this 2nd day of September, 1994.

THE TOWN OF CEDAR GROVE

By _____
MAYOR

ABB041E6

WRD 1A-82
Revised 3/93

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

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0035637

Issue Date: August 8, 1994

Subject: Sewage Collection Facilities

Effective Date: September 7, 1994

Expiration Date: August 7, 1999

Supersedes: WV/NPDES Permit No. WV0035637; Issue Date: June 6, 1985

Location:	Cedar Grove (City)	Kanawha (County)	Kanawha (Drainage Basin)

To whom it may concern:

This is to certify that Town of Cedar Grove
Town Hall
Cedar Grove, WV 25309

is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing wastewater collection system comprised of approximately 16,500 linear feet of eight(8) inch diameter gravity sewer line, 2,500 linear feet of 12 inch diameter gravity sewer line, 60 manholes, and all requisite appurtenances.

To acquire, construct, install, operate, and maintain a wastewater collection system, which will become an integral part of the existing wastewater collection system, to be comprised of approximately 2,800 linear feet of six(6) inch diameter gravity sewer line, 12,300 linear feet of eight(8) inch diameter gravity sewer line, 500 linear feet of 10 inch diameter gravity sewer line, 360 linear feet of 12 inch diameter gravity sewer line, 80 manholes, one(1) lift station, a combined sewer system overflow, four(4) duplex grinder pump stations, 1,100 linear feet of one and one half(1½) inch diameter force main, 370 linear feet of two(2) inch diameter force main, 7,400 linear feet of five(5) inch diameter force main, and all requisite appurtenances.

These facilities are to serve a population equivalent of approximately 1,250 persons in the Town of Cedar Grove and convey wastewater to the Chelyan Public Service District's wastewater treatment plant for subsequent treatment and discharge to the Kanawha River at Mile Point 73.2.

(Continued on Page 2)

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: September 2, 1994

(See Reverse for Instructions)

ISSUE: The Town of Cedar Grove, West Virginia $217,204 Sewer Revenue Bonds, Series 1994

ADDRESS: P.O. Box 536, Cedar Grove, WV 25039 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: September 2, 1994 CLOSING DATE: September 2, 1994

ISSUE AMOUNT: $ 222,000 RATE: 6.75%

1st DEBT SERVICE DUE: 10/1/94 1st PRINCIPAL DUE: 10/1/96

1st DEBT SERVICE AMOUNT: $1,207.13 PAYING AGENT: Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee
Phone: (304) 340-1318

CLOSING BANK: The Citizens National Bank of Charleston
Contact Person: Jack Cavendar
Phone: 926-3323

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Albert F. Good, Esq.
Position: Town Counsel
Phone: (304) 343-5531

UNDERWRITERS

BOND COUNSEL: ____
Contact Person: ____
Phone: ____

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
X Check

____ Accrued Interest: $ ____
X Capitalized Interest: $14,985
____ Reserve Account: $ ____
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
____ To Cons. Invest. Fund: $ ____
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: ____

TRANSFERS REQUIRED: ____

One Valley Bank, National Association
One Valley Square, P.O. Box 1793
Charleston, WV 25326 Member FDIC

ONEVALLEY BANK

69-35
519

No. 302363

ITEM MISC. DISTRIBUTION
CAP INTEREST CEDAR GROVE WV SWR REV

ONE THOUSAND NINE HUNDRED EIGHTY FIVE dollars 00 cts

A/C #1340813 - WDA SUPPLEMENTAL FUND LS/55

CHECK DATE	AMOUNT
SEPTEMBER 2, 1994	$14,985.00****

PAY TO THE ORDER OF WV MUNICIPAL BOND COMMISSION

ONE FINANCIAL PLACE
Financial & Trust Services

AUTHORIZED OFFICER

⑈302363⑈ ⑆051900353⑆ ⑈900⑈051 4⑈

DISBURSEMENT REQUEST FORM

The City National Bank of Charleston
3601 MacCorkle Avenue
Charleston, West Virginia 25304

Re: The Town of Cedar Grove, West Virginia
$222,000 Sewer Revenue Bonds, Series 1994

Ladies and Gentlemen:

You are authorized, on behalf of The Town of Cedar Grove, West Virginia, to make the following disbursements from the Bond Construction Trust Fund:

The expenses listed above* have been incurred as Costs of the Project that have not been the basis of any previous disbursement. Each item listed above for which payment is now due and owing is or was necessary in connection with the Project and has been otherwise properly incurred. A copy of the Resolution of The Town of Cedar Grove, West Virginia authorizing the disbursements is attached hereto.

Very truly yours,

THE TOWN OF CEDAR GROVE, WEST VIRGINIA

By: _____
Mayor

DUNN ENGINEERS, INC.

By: _____
Terry L. Myers

Date: _____

*Invoices attached

ABB061A2

AGREEMENT

THIS AGREEMENT, Made the 30th day of March, 1993, by and between the TOWN OF CEDAR GROVE, Kanawha County, West Virginia, a municipal corporation, hereinafter designated as TOWN, and the CHELYAN PUBLIC SERVICE DISTRICT, Kanawha County, West Virginia, a public corporation of the State of West Virginia, hereinafter designated as DISTRICT:

W I T N E S S E T H:

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

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

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

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

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

1. The TOWN shall design and cause to be constructed, at its sole cost, a sanitary sewer system meeting generally accepted sanitary engineering standards which will collect and transport sewage from within the boundaries of the TOWN to the DISTRICT'S sewer system at a point of connection, to be determined in the sole discretion of the DISTRICT at the East End of the unincorporated area of Shrewsbury, Kanawha County, West Virginia, as shown upon a drawing labeled "Drawing No. 1, Contract No. 5", prepared by S & S Engineers, Inc., the DISTRICT'S consulting engineer, said Drawing is attached hereto and marked for identification purposes as Exhibit A and incorporated as part of this Agreement for all pertinent purposes. The TOWN shall further limit the total amount of flow discharged into the DISTRICT'S wastewater collection system to a maximum flow of 130 gallons per minute, not to exceed 188,000 gallons per day. In the event the actual flow is more than 130 gallons per minute, and exceeds an average of 150,000 gallons per day, the TOWN will pay to the DISTRICT the additional operation and maintenance costs incurred, and the TOWN further agrees to hold the DISTRICT harmless from and against any and all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the DISTRICT), causes of action, suits, claims, demands, administrative adjudications, and judgments of any nature arising from the TOWN exceeding the 130 gallons per minute and maximum 188,000 gallons per day limitation heretofore

established. The TOWN shall further limit the amount of infiltration and inflow which will be permitted in the TOWN'S newly constructed sanitary sewer collection system to zero (0) gallons of inflow and Two Hundred (200) gallons per inch diameter mile of infiltration per day during final inspection and testing of the sanitary sewer collection system. No industrial customer will use the TOWN'S system without approval of the DISTRICT, so that pretreatment may be arranged and charges for the industrial waste formulated, if necessary.

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

3. The TOWN'S wastewater is to be metered by a flowmeter installed at the point of discharge into the DISTRICT'S wastewater collection system. The TOWN shall be responsible for all costs associated with the installation of the flowmeter and

any costs incurred as a result of the operation and maintenance of the flowmeter. The DISTRICT shall have the right to jointly read the TOWN'S flowmeter and the DISTRICT shall have access to the TOWN'S flowmeter upon reasonable notice to the TOWN, to inspect and insure accuracy of the measurements of the wastewater flow into the DISTRICT'S wastewater collection system. The fee for transportation and treatment of the TOWN'S wastewater by the DISTRICT shall be based upon the metered water usage of the customers of the TOWN and provided to the DISTRICT by the TOWN, without cost, on a monthly basis and shall be calculated upon a per thousand gallon of metered water usage basis. The charge to the TOWN, which shall based upon a per thousand gallon of metered water usage basis, shall be calculated based upon the cost of service study prepared by Smith, Cochran, and Hicks which is attached hereto and marked for identification purposes as Attachment B and incorporated herein as a portion of this Agreement. Said cost of service study shall be subject to review and approval by the Public Service Commission of West Virginia, and such fee is hereby determined to be $1.48 per 1,000 gallons of metered water usage. In the event the TOWN does not bill its customers for sanitary sewage service in a particular month or months, the TOWN will pay the DISTRICT a charge equal to the average monthly amount billed by the DISTRICT to the TOWN for prior wastewater treatment and disposal service. The fee charged by the DISTRICT to the TOWN reflects the total cost of said transportation and treatment on a per thousand gallon of metered water usage basis and includes a pro rata share of the use of

existing sewers, lift stations and treatment plant, as well as, administration, operation, maintenance and any additional cost of service costs, including any and all legal, engineering and administrative fees incurred by the DISTRICT as a result of this Agreement. All new modifications of the DISTRICT'S system required to accommodate the TOWN, and approved by the West Virginia Department of Commerce, Labor, and Environmental Resources, Division of Environmental Protection, Construction Assistance Division, being designated as Contract No. ____, for the TOWN, reference to which is hereby made and incorporated herein as if specifically set forth as a portion of this Agreement, shall be paid in full by the TOWN during the construction phase of this project, in accordance with the terms set forth in Paragraph 5 herein.

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

(1) any injury to or death of any person or damage to property in or upon the TOWN'S property or facilities, or growing out of or connected with the use, non-use, condition or occupancy of the said TOWN'S property or facilities or a part thereof; such injuries and/or damage shall include any and all injuries or damage which may occur due to any failure or malfunction of the TOWN'S lift stations caused by any flood, hailstorm, windstorm, Act of God, and any and all unprecedented meteorological events;

any repairs, construction or alterations or remodeling thereto as performed by the TOWN, their authorized agents or servants, excluding the DISTRICT or its agents or servants, or the condition of the TOWN'S property or facilities including sidewalks, streets or alleys and any equipment or facilities at any time located on the TOWN'S property or under the TOWN'S control and used in connection therewith;

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

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

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

5.1 The TOWN shall contribute an estimated sum of $126,000.00 for the facilities to be constructed and referred to in Paragraph 3 herein or the actual cost thereof, which cost shall not exceed more than 23.1 percent of the total project cost of those facilities detailed in a document labeled Exhibit C which is attached to this Agreement, to be adjusted upon completion of construction to the DISTRICT to aid in the construction of improvements necessary to upgrade its sanitary sewer system and Wastewater Treatment Plant in order to provide the TOWN with the services set forth in this Agreement. The remaining funds derived from the sources of revenue for the

TOWN'S project as described in this Agreement, as such sources are delineated in the TOWN'S Application for a Certificate of Convenience and Necessity which was filed with the Public Service Commission of West Virginia on the 14th day of December, 1992, shall be placed in an escrow account which shall be established on behalf of the DISTRICT and shall be disbursed to the DISTRICT on a monthly basis upon proper verification of the costs incurred during the construction phase of this project. The TOWN shall provide to the DISTRICT the disbursement of monies in accordance with the percentage of project completion, on a monthly basis, during construction and shall, upon completion of the project, pay the DISTRICT any remaining monies which may be owed to the DISTRICT, if any.

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

the DISTRICT prior to the date of this Agreement. Such payment, if any, shall be made by the TOWN to the DISTRICT as soon as feasible following the meeting in full of the three contingencies stated under "(I)", "(II)", and "(III)" of this subparagraph. The provisions of this subparagraph shall not be construed as an admission by either the TOWN or the DISTRICT of the correctness of the views of the other with respect to the validity of the DISTRICT'S claim in this subparagraph mentioned, it being understood that the TOWN and the DISTRICT hold diametrically opposite views with reference to the validity of such claim.

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

7. Any modification to the rates and charges set out herein as they relate to the TOWN shall be supported by a cost of service study, the cost of which the TOWN shall participate in up to a maximum of $5,000.00, and reviewed and approved by the DISTRICT. Any such study shall be initiated after a period of one (1) year from the date this Agreement becomes effective and the TOWN agrees to place in an escrow account its $5,000.00 share over a period of nine (9) months commencing with the institution of sewer service by the TOWN pursuant to this Agreement and which sum of money shall be used to pay for the TOWN'S portion of the cost of service study. The cost of service study shall also be reviewed and approved by the Public Service Commission of West Virginia. The TOWN agrees to deposit the sum of Five Thousand Dollars and No Cents ($5,000.00), in an escrow account, upon

approval and execution of this Agreement, which sum of money shall be used to pay for the cost of service study which shall be conducted, and any interest earned and accrued with regard to said account shall become the property of the TOWN. After competion of the cost of service study and the review and approval of said study by the Public Service Commission of West Virginia, if necessary, the parties hereto agree to pay the rates and charges established by the study, and to reimburse to either party the appropriate compensation which may be due as determined by the cost of service study and approved by the Public Service Commission of West Virginia. The parties hereto covenant and agree that in the event the cost of service study set forth in this paragraph reveals a rebate or reimbursement is due either party, which is in an amount that is less than two percent (2%) of the annual cost for treatment and disposal paid by the TOWN to the DISTRICT, then and in such event, the amount due shall be considered an incidental expenditure and the rebate or reimbursement set forth in this paragraph shall not be required to be paid. The cost of service study which determines the rebate or reimbursement amount, if any, shall be based upon the actual flow of wastewater received by the DISTRICT as indicated by the flow meter mentioned in Paragraph 3 of this Agreement and any such information shall be compared with the estimated flow used to determine the pro rata share of costs incurred by the DISTRICT in calculating the rate for the treatment and disposal fee. The term "cost of service" as used in this Agreement shall include, but not be limited to, all wages, benefits, equipment rentals, fuel, materials, supplies, administration and overhead

which can be associated directly or indirectly for providing the agreed upon services.

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

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

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

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

12. For sewer services rendered by the DISTRICT to the TOWN under this Agreement, the TOWN shall, on a monthly basis, make payment to the DISTRICT on or before the 1st day of a calendar

month for all amounts billed by the TOWN for sewer services on the 1st day of the next immediately preceding calendar month. If payment is not received by the DISTRICT within the time and in the manner prescribed in the next preceding sentence, a penalty of 10% shall be added to the net amount thereof. The TOWN agrees that it will bill all its sewer customers on the first day of each calendar month for sewer services as based on the next immediately preceding water meter reading.

13. In the event the TOWN fails to perform any other term, obligation, or condition of this Agreement, the result of which is likely to cause irreparable harm or injury to the DISTRICT'S facilities or otherwise constitutes an emergency situation and the TOWN fails to correct such condition or default within fifteen (15) days, unless a shorter time is deemed necessary by the DISTRICT, after written notice by DISTRICT specifying such default, then the DISTRICT shall have the right to undertake such corrective action and the TOWN shall be responsible for all costs and expenses incurred by the DISTRICT or shall reimburse the DISTRICT for such costs and expenses. In the event the TOWN fails to make any payment due hereunder and remains in default for a period of ten (10) days after the due date, or in the event that the TOWN fails to perform any other term, obligation, or condition of this Agreement, and fails to correct such other default or to commence correction of such default if correction shall require more than twenty (20) days, the DISTRICT shall have the right to require specific performance by the TOWN or the right to seek damages against the TOWN through the institution of a civil action against the TOWN in a Court of competent

jurisdiction. If the parties named herein bring an action or proceeding to enforce the terms herein or declaring the rights hereunder, the prevailing party in any such action or proceeding shall be entitled to reasonable attorney's fees and costs to be paid by the losing party as determined by said Court of competent jurisdiction.

14. It is expressly agreed by the parties that any designation of the TOWN as set forth herein shall include the Sanitary Board of the Town of Cedar Grove in the event that such Board is created subsequent to the execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement by their appropriate officers as of the day and year first above written.

ATTEST:

TOWN OF CEDAR GROVE, KANAWHA COUNTY, WEST VIRGINIA, a municipal corporation

Carolyn Bennett
Recorder

By: Roger A Curtis
its Mayor

ATTEST:

CHELYAN PUBLIC SERVICE DISTRICT, KANAWHA COUNTY, WEST VIRGINIA, a public utility

Jerry W Jarrell

By: Joyce McPhail
its Chairman

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, To-Wit:

I, P.F. Tucker, a Notary Public in and for said state and county, do hereby certify that Roger A. Cooke, Mayor of the Town of Cedar Grove, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 31st day of March, 1993.

My commission expires 1-23-2000.

B. F. Tucker
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
P. F. TUCKER
124 - 4th AVE.
GLASGOW, WV 25085
My Commission Expires January 23, 2000

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, To-Wit:

I, Phyllis A. Lynch, a Notary Public in and for said state and county, do hereby certify that Joyce McCourt, Chairman of the Chelyan Public Service District, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 5 day of April, 1993.

My commission expires September 13, 1993.

Phyllis A. Lynch
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PHYLLIS A. LYNCH
510 Kanawha Boulevard East
Charleston, West Virginia 25311
My Commission Expires September 13, 1993

JACKSON & KELLY
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6088

175 EAST MAIN STREET
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2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-837-0003

September 2, 1994

West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We are bond counsel to The Town of Cedar Grove (the "Governmental Agency"), a duly organized and presently existing municipal corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated September 2, 1994, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated September 2, 1994 (the "Governmental Agency Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Governmental Agency Bonds are in the principal amount of $222,000, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1994, at the respective rate and with principal payable in installments on October 1 in each of the years 1996 through 2033, inclusive, all as set forth in Exhibit A incorporated in and made a part of the Governmental Agency Bonds.

The Governmental Agency Bonds are issued for the purpose of paying a portion of the costs of acquiring and constructing certain extensions, improvements and betterments to the existing public sewerage system for the Governmental Agency, to capitalize interest on the Governmental Agency Bonds during construction, and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Governmental Agency Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Governmental Agency Bonds have been authorized by a Bond Ordinance

(the "Ordinance") duly passed by the Governmental Agency on June 28, 1994, effective July 12, 1994, and Supplemental Resolutions adopted on July 26, 1994, August 9, 1994 and September 1, 1994 (the "Local Act"), which contain provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Governmental Agency Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing municipal corporation with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Governmental Agency Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Governmental Agency Bonds.

5. The Governmental Agency Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the net revenues of said System.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Governmental Agency Bonds, as provided in the Local Act.

7. The interest on the Governmental Agency Bonds is excludable from gross income for federal income tax purposes and is

not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in the preceding sentence is subject to the condition that the Governmental Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Governmental Agency Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Governmental Agency Bonds to be includable in gross income retroactive to the date of issuance of the Governmental Agency Bonds. The Governmental Agency has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences with respect to the Governmental Agency Bonds.

8. The Governmental Agency Bonds and the interest thereon are, by the Local Statute, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

It is to be understood that the rights of the holders of the Governmental Agency Bonds and the enforceability of the Governmental Agency Bonds, and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that such enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

Jackson & Kelly

ABB041DB

BIBBY & GOOD
ATTORNEYS
SUITE 808 SECURITY BUILDING
POST OFFICE BOX 2106
CHARLESTON, WEST VIRGINIA 25328-2106

JAMES A. BIBBY, JR.
ALBERT F. GOOD

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

September 2, 1994

W. Va. Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Jackson & Kelly
Post Office Box 553
Charleston, West Virginia 25322-0553

Re: The Town of Cedar Grove, West Virginia
$222,304 Sewer Revenue Bonds, Series 1994

Ladies and Gentlemen:

I am Counsel to The Town of Cedar Grove, West Virginia (the "Town"). As such counsel, I have examined copies of the approving opinions of Jackson & Kelly, as bond counsel, relating to the above captioned bonds of the Town (the "Bonds"), the Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the Town, dated September 2, 1994, and a Bond Ordinance duly passed by the Council of the Town (the "Council") on June 28, 1994, effective July 12, 1994, as supplemented by Supplemental Resolutions adopted July 26, 1994, August 9, 1994 and September 1, 1994 (collectively, the "Ordinance"), and other documents relating to the Bonds. Terms used in said opinions, the Loan Agreement and Ordinance and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Town and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of Town in accordance with their terms.

2. The members of the Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the Town.

3. The Ordinance has been duly enacted by the Council of the Town and is in full force and effect.

4. The Town has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from the Public

Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered November 9, 1993 (Case No. 93-0466-PSD-S-PC), granting to the Town a Certificate of Convenience and Necessity with respect to the Project has expired prior to the date hereof.

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

6. The Town has received all the necessary permits, licenses, approvals and authorizations that are presently obtainable to construct the Project.

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

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

Very truly yours,

Albert F. Good

Albert F. Good
Counsel to the Town of
Cedar Grove, West Virginia

AFG/rdb