

THE TOWN OF CEREDO

**Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)**

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138840.00002

State of West Virginia
WATER DEVELOPMENT AUTHORITY
 180 Association Drive, Charleston, WV 25311-1217
 (304) 558-3612 - (304) 558-0299 (Fax)
 Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date 3-01-11 Time 1 PM LGA Ceredo, Town of Program CW SRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Carol A. Cummings	WDA	304-558-3612	304-558-0299	cummings@wvwda.org
Rose Brodersen	WV DEP	304-926-0499 x1608	304-926-0496	rosalie.m.brodersen@wv.gov
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John Stump	Stump & Johnson PLLC	304-553-8196	304-553-8181	john.stump@stump-johnson.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Stanley Fink, Recorder Telephone 304-453-1041 E-Mail N/A

Address 700 B Street, P.O. Box 691, Ceredo, WV 25507

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the Non-Arbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

**THE TOWN OF CEREDO
SEWER REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA SRF PROGRAM)**

BOND ORDINANCE

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THE TOWN OF CEREDO

BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$860,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer deems it necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed additions and improvements to its existing public sanitary sewer system, consisting of upgrades to the sewer system by replacing the pumps at the lift station located at Smith Branch Road and Broad Hollow Road, replacing the existing two inch diameter forcemain running East from the lift station along Broad Hollow Road with four inch diameter gravity sewer line, replacing eight inch diameter gravity sewer line on High Street and Main Street with twelve inch line and all necessary appurtenances (the "Project") (the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), in the total aggregate principal amount of not more than \$860,000 (the "Series 2011 A Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; amounts which may be deposited in the Series 2011 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2011 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that its Series 2011 A Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Bond Purchase Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

F. On the Closing Date, there will be no outstanding obligations of the Issuer which will rank on parity with the Series 2011 A Bonds as to liens, pledge, source of and security for payment or are secured by revenues or assets of the System.

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

H. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2011 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2011 A Bonds or such final order will not be subject to appeal.

I. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2011 A Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2011 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2011 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of

the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

“Board” means the Sanitary Board of the Issuer.

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

“Series 2011 A Bond Construction Trust Fund” means the Bond Construction Trust Fund established by section 5.01 hereof.

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

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

“Bonds” means, collectively, the Series 2011 A Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

“Bond Purchase Agreement” means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2011 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

“Closing Date” means the date upon which there is an exchange of the Series 2011 A Bonds for all or a portion of the proceeds of the Series 2011 A Bonds from the Authority and the DEP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Mayor” means the Mayor of the Issuer.

“Net Proceeds” means the face amount of the Series 2011 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2011 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2011 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

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

“Paying Agent” means the Commission or other entity or authority designated as such for the Series 2011 A Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

“Project” means the Project as described in Section 1.02B hereof.

“Qualified Investments” means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

“Reserve Accounts” means, the reserve account established by Section 5.01 hereof for the Series 2011 A Bonds.

“Reserve Requirement” means collectively, the respective amounts required to be on deposit in any Reserve Account.

“Revenue Fund” means the Revenue Fund established by Section 5.01 hereof.

“Series 2011 A Bonds” means Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

“Series 2011 A Bonds Construction Trust Fund” means the Series 2011 A Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2011 A Bonds Reserve Account” means the Series 2011 A Bonds Reserve Account established by Section 5.02 hereof.

“Series 2011 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 A Bonds in the then current or any succeeding year.

“Series 2011 A Bonds Sinking Fund” means the Series 2011 A Bonds Sinking Fund established by Section 5.02 hereof.

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

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

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

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the supplemental resolution authorizing the sale of the Series 2011 A Bonds;

provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2011 A Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$860,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2011 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed \$860,000, which will be obtained from the proceeds of the Series 2011 A Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2011 A Bonds, funding a reserve account for the Series 2011 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2011 A Bonds of the Issuer. The Series 2011 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program)", in the principal amount of not more than \$860,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 A Bonds remaining after funding of the Series 2011 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2011 A Bonds, if any, shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2011 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2011 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2011 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2011 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2011 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2011 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as of the date specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2011 A Bonds shall cease to be such officer of the Issuer before the Series 2011 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2011 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2011 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2011 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2011 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2011 A Bonds.

The registered Series 2011 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2011 A Bonds or transferring the registered Series 2011 A Bonds are exercised, all Series 2011 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2011 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2011 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2011 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2011 A Bonds or, in the case of any proposed redemption of Series 2011 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2011 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2011 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 2011 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2011 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2011 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2011 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2011 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2011 A Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2011 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2011 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF CEREDO
SEWER REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2011, that THE TOWN OF CEREDO, a municipal corporation and political subdivision of the State of West Virginia in Wayne County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee of 0.5 % (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2011.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); (ii) to fully fund the Series 2011 A Bonds Reserve Account; and (iii) to pay certain

costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THERE ARE NO OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2011 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2011 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds; provided however, that so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2011.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, 20__.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2011 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as “Exhibit A” and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. “Amended Schedule” Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2011 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2011 A Bonds Sinking Fund; and
- (2) Series 2011 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner order of priority:

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 A Bonds on the next ensuing quarterly principal payment date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, if not fully funded upon issuance of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 A Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such

accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on monies in the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2011 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2011 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2011 A Bonds Reserve Account which result in a reduction in the balance of the Series 2011 A Bonds Reserve Account to below the Series 2011 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2011 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2011 A Bonds Sinking Fund or into the Series 2011 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2011 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 A Bonds Sinking Fund, including the Series 2011 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, if any, principal and reserve account payments with respect to the Series 2011 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

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

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

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

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

G. If on any monthly payment date the revenues are insufficient to place the

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

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

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

J. All Tap Fees shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2011 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2011 A Bonds, there shall first be deposited with the Commission in the Series 2011 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2011 A Bonds, there shall be deposited with the Commission in the Series 2011 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2011 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 A Bonds, such monies shall be deposited with the Depository Bank in the 2011 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2011 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2011 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2011 A Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2011 A Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2011 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule.

Pending such application, monies in the Series 2011 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2011 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2011 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2011 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2011 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2011 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted May 26, 2009, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2011 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2011 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Series 2011 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2011 A Bonds, immediately be remitted to the Commission for deposit in the Series 2011 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2011 A Bonds. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation

thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be remitted by the Issuer to the Commission for deposit in the Sinking Funds for prepayment of the Bonds. The payment of such proceeds into the Renewal and Replacement Fund and the Sinking Funds shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2011 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2011 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2011 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2011 A Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 A Bonds.

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

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent

Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2011 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 A Bonds.

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

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

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2011 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2011 A Bonds, requesting the same, an annual report containing the following:

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2011 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2011 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2011 A Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2011 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with or junior to the Series 2011 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2011 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any

services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2011 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Bond Purchase Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and

subcontractors, as their interests may appear.

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

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

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are

satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Bond Purchase Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2011 A Bonds required by State law, with all appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to the Issuer to such effect.

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

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

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.19. [RESERVED]

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

Section 7.21. Contracts; Change Orders. A. The Issuer shall, simultaneously with the delivery of the Series 2011 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2011 A Bonds held in "contingency" as set forth in the Schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2011 A Bonds made available due to bid or construction or project underruns.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the 2011 A Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2011 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2011 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2011 A Bonds as a condition to issuance of the Series 2011 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2011 A Bonds as may be necessary in order to maintain the status of the Series 2011 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2011 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2011 A Bonds and any additional information requested by the Authority

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2011 A Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2011 A Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2011 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

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

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

payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2011 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2011 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2011 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2011 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2011 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2011 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2011 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2011 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2011 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

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

the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2011 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *Wayne County News*, a newspaper published and of general circulation in The Town of Ceredo, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2011 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

Passed on First Reading: November 1, 2010

Passed on Second Reading: December 6, 2010

Passed on Final Reading
Following Public Hearing: January 3, 2011


Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The Town of Ceredo on the 3rd day of January, 2011.

Dated: March 2, 2011.

[SEAL]


Recorder

10.15.10
138840.00002

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document 3.

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF CEREDO; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The Town of Ceredo (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective January 3, 2011 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$860,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT

RELATING TO SUCH BONDS; AUTHORIZING THE SALE
AND PROVIDING FOR THE TERMS AND PROVISIONS OF
SUCH BONDS AND ADOPTING OTHER PROVISIONS
RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed \$860,000 (the "Bonds" or the "Series 2011 A Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of the Bond Purchase Agreement relating to the Series 2011 A Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Bond Purchase Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of \$534,900. The Series 2011 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2051, and shall bear no interest. The principal of the Series 2011 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2012, to and including March 1, 2051, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement for the Series 2011 A Bonds and incorporated in and made a part of the Series 2011 A Bonds. The Series 2011 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2011 A Bonds. The SRF Administrative fee of .5% (as defined in the Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2012.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

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

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

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

Section 6. The Issuer does hereby appoint and designate United Bank, Inc., Ceredo, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2011 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2011 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2011 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2011 A Bonds Reserve Account.

Section 9. The proceeds of the Series 2011 A Bonds shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 2, 2011, to the Authority pursuant to the Bond Purchase Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

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

Section 13. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

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Adopted this 7th day of February, 2011.

By: 
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of
The Town of Ceredo on the 7th day of February, 2011.

Dated: March 2, 2011

[SEAL]


Recorder

02.03.11
138840.00002

SRF-BPA-1
(01/11)

BOND PURCHASE AGREEMENT

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

TOWN OF CEREDO (2009S-1094)
(Local Government)

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms “Authority,” “cost,” “fund,” “local government,” and “project” have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

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

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

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

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

1.8 “Project” means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other

interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

1.10 “System” means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local

Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their

interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Record Drawings, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

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

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial

Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and

acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other

local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required

for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

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

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

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

(x) That, to the extent legally allowable, the Local Government shall provide for the maintenance and repair of the System;

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit

F and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

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

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

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Bond Purchase Agreement.

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

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or

desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

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

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

7.3 This Bond Purchase Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which taken together shall constitute the entire agreement between the parties. Each party agrees to execute all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Bond Purchase Agreement.

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

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

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

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

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

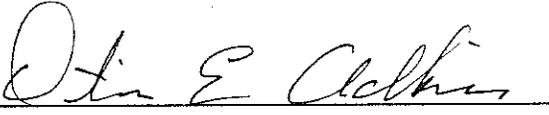
(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

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

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

TOWN OF CEREDO

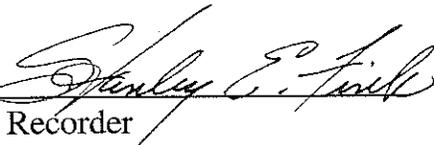
(SEAL)

By: 

Its: Mayor

Date: March 2, 2011

Attest:


Its: Recorder

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By: 

Its: Director

Date: March 2, 2011

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: 

Its: Executive Director

Date: March 2, 2011

Attest:

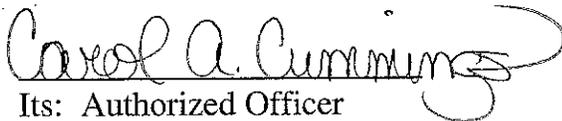

Its: Authorized Officer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Government according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

forth in Schedule attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

By _____
West Virginia License No. ____

[SEAL]

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Government that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. ASSET MANAGEMENT – The Local Government shall submit an acceptable asset management plan to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

D. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

E. CLOSING REQUIREMENTS – [Reserved].

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of _____.

[Name of Local Government]

Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated ____, ____, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of \$ _____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning ____ 1, ____, and ending __ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$534,900
Purchase Price of Local Bonds \$534,900

The Local Bonds shall bear no interest. Commencing June 1, 2012, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government: none.

Number of New Customers: 0

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE			
Town of Ceredo			
CW SRF			
\$534,900			
0% Interest Rate, 0.5% Administrative Fee			
40 Years from Closing Date			
	Dated Date	3/2/11	
	Delivery Date	3/2/11	
Period Ending	Principal	Interest	Debt Service
6/1/12	3,429		3,429
9/1/12	3,429		3,429
12/1/12	3,429		3,429
3/1/13	3,429		3,429
6/1/13	3,429		3,429
9/1/13	3,429		3,429
12/1/13	3,429		3,429
3/1/14	3,429		3,429
6/1/14	3,429		3,429
9/1/14	3,429		3,429
12/1/14	3,429		3,429
3/1/15	3,429		3,429
6/1/15	3,429		3,429
9/1/15	3,429		3,429
12/1/15	3,429		3,429
3/1/16	3,429		3,429
6/1/16	3,429		3,429
9/1/16	3,429		3,429
12/1/16	3,429		3,429
3/1/17	3,429		3,429
6/1/17	3,429		3,429
9/1/17	3,429		3,429
12/1/17	3,429		3,429
3/1/18	3,429		3,429
6/1/18	3,429		3,429
9/1/18	3,429		3,429
12/1/18	3,429		3,429
3/1/19	3,429		3,429
6/1/19	3,429		3,429
9/1/19	3,429		3,429
12/1/19	3,429		3,429
3/1/20	3,429		3,429
6/1/20	3,429		3,429
9/1/20	3,429		3,429
12/1/20	3,429		3,429
3/1/21	3,429		3,429
6/1/21	3,429		3,429
9/1/21	3,429		3,429

BOND DEBT SERVICE

Town of Ceredo

CW SRF

\$534,900

0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
12/1/21	3,429		3,429
3/1/22	3,429		3,429
6/1/22	3,429		3,429
9/1/22	3,429		3,429
12/1/22	3,429		3,429
3/1/23	3,429		3,429
6/1/23	3,429		3,429
9/1/23	3,429		3,429
12/1/23	3,429		3,429
3/1/24	3,429		3,429
6/1/24	3,429		3,429
9/1/24	3,429		3,429
12/1/24	3,429		3,429
3/1/25	3,429		3,429
6/1/25	3,429		3,429
9/1/25	3,429		3,429
12/1/25	3,429		3,429
3/1/26	3,429		3,429
6/1/26	3,429		3,429
9/1/26	3,429		3,429
12/1/26	3,429		3,429
3/1/27	3,429		3,429
6/1/27	3,429		3,429
9/1/27	3,429		3,429
12/1/27	3,429		3,429
3/1/28	3,429		3,429
6/1/28	3,429		3,429
9/1/28	3,429		3,429
12/1/28	3,429		3,429
3/1/29	3,429		3,429
6/1/29	3,429		3,429
9/1/29	3,429		3,429
12/1/29	3,429		3,429
3/1/30	3,429		3,429
6/1/30	3,429		3,429
9/1/30	3,429		3,429
12/1/30	3,429		3,429
6/1/31	3,429		3,429
9/1/31	3,429		3,429
12/1/31	3,429		3,429

BOND DEBT SERVICE

Town of Ceredo

CW SRF

\$534,900

0% Interest Rate, 0.5% Administrative Fee

Period Ending:	Principal	Interest	Debt Service
3/1/32	3,429		3,429
6/1/32	3,429		3,429
9/1/32	3,429		3,429
12/1/32	3,429		3,429
3/1/33	3,429		3,429
6/1/33	3,429		3,429
9/1/33	3,429		3,429
12/1/33	3,429		3,429
3/1/34	3,429		3,429
6/1/34	3,429		3,429
9/1/34	3,429		3,429
12/1/34	3,429		3,429
3/1/35	3,429		3,429
6/1/35	3,429		3,429
9/1/35	3,429		3,429
12/1/35	3,429		3,429
3/1/36	3,429		3,429
6/1/36	3,429		3,429
9/1/36	3,429		3,429
12/1/36	3,429		3,429
3/1/37	3,429		3,429
6/1/37	3,429		3,429
9/1/37	3,429		3,429
12/1/37	3,429		3,429
3/1/38	3,429		3,429
6/1/38	3,429		3,429
9/1/38	3,429		3,429
12/1/38	3,429		3,429
3/1/39	3,429		3,429
6/1/39	3,429		3,429
9/1/39	3,429		3,429
12/1/39	3,429		3,429
3/1/40	3,429		3,429
6/1/40	3,429		3,429
9/1/40	3,429		3,429
12/1/40	3,429		3,429
3/1/41	3,429		3,429
6/1/41	3,429		3,429
9/1/41	3,429		3,429
12/1/41	3,429		3,429
3/1/42	3,429		3,429
6/1/42	3,429		3,429

BOND DEBT SERVICE

Town of Ceredo

CW SRF

\$534,900

Period Ending	Principal	Interest	Debt Service
9/1/42	3,429		3,429
12/1/42	3,429		3,429
3/1/43	3,429		3,429
6/1/43	3,429		3,429
9/1/43	3,429		3,429
12/1/43	3,429		3,429
3/1/44	3,429		3,429
6/1/44	3,429		3,429
9/1/44	3,429		3,429
12/1/44	3,429		3,429
3/1/45	3,428		3,428
6/1/45	3,428		3,428
9/1/45	3,428		3,428
12/1/45	3,428		3,428
3/1/46	3,428		3,428
6/1/46	3,428		3,428
9/1/46	3,428		3,428
12/1/46	3,428		3,428
3/1/47	3,428		3,428
6/1/47	3,428		3,428
9/1/47	3,428		3,428
12/1/47	3,428		3,428
3/1/48	3,428		3,428
6/1/48	3,428		3,428
9/1/48	3,428		3,428
12/1/48	3,428		3,428
3/1/49	3,428		3,428
6/1/49	3,428		3,428
9/1/49	3,428		3,428
12/1/49	3,428		3,428
3/1/50	3,428		3,428
6/1/50	3,428		3,428
9/1/50	3,428		3,428
12/1/50	3,428		3,428
3/1/51	3,429		3,429 **
	534,900		534,900

**Plus a quarterly administrative expense of \$336.45 that reflects a total Administrative expense of \$52,486.20

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: October 14, 2009

11/3/2009

CASE NO. 09-0815-S-SCN

TOWN OF CEREDO,
Ceredo, Wayne County.

Application for a certificate of convenience and necessity for the construction, operation and maintenance of a sewer system upgrade in the Smith Branch Road, Smith Hollow Road, Broad Hollow Road, High Street and Main Street areas of the Town's service territory and for approval of related financing.

RECOMMENDED DECISIONPROCEDURE

On May 20, 2009, the Town of Ceredo (Town) filed an application for a certificate of public convenience and necessity with the Public Service Commission, pursuant to W. Va. Code §24-2-11, for approval to upgrade its sewer system by replacing the pumps at the lift station located at the intersection of Smith Branch Road and Broad Hollow Road; replacing the existing 2-inch diameter force main running east from the lift station along Broad Hollow Road with 4-inch diameter force main (approximately 1,400 feet); replacing existing 4-inch diameter gravity sanitary sewer line along Broad Hollow Road with 6-inch diameter gravity sanitary sewer line (approximately 200 feet); and replacing 8-inch diameter gravity sanitary sewer line along High Street and Main Street with 12-inch diameter gravity sanitary sewer line (approximately 550 feet) (Project). Approximately 120 customers are associated with the lift station upgrade and the Town anticipates that an additional 345 customers will be affected by the sewer line upgrades. The Project was submitted to the West Virginia Infrastructure and Jobs Development Council (IJDC) on March 20, 2009, and has been designated as Application No. 2009S-1094. The IJDC had not approved the Project at the time of application. The Town estimates that the total Project cost will be \$560,000. The Town has applied for a grant in the amount of \$280,000 using economic stimulus funds provided by The American Recovery and Reinvestment Act of 2009 (ARRA) and a State Revolving Fund Loan in the amount of \$280,000 for a term of 38 years at 0.5% interest. No funding documentation was available at the time of application.

Along with the application, the Town submitted a one-page financial analysis for the fiscal year ended June 30, 2008; information regarding the Town's anticipated sewer rate ordinance, which was in the process of being enacted; the Town's current sewer tariff; a preliminary engineering report prepared by Potesta and Associates, Inc., dated March 20, 2009; a

copy of the sewage treatment agreement between the Town and the City of Huntington dated July 9, 1991; correspondence with various agencies which must review the Project area; a list of the permits which will be required for the proposed Project; and a proposed Notice of Filing. At the time of application, no Project plan drawings, bid documents or specifications had been completed. The Town indicated that it would file them with the Commission as soon as possible, along with documentation of Project funding.

On May 22, 2009, the Town filed a corrected proposed Notice of Filing, indicating that the State Revolving Fund Loan would bear interest at the rate of 0.5% for a term of 40 years, rather than 38 years. Additionally, the Town clarified that the proposed stimulus funding would be in the form of a grant-like loan.

Also on May 22, 2009, the Town submitted findings from the West Virginia Division of Culture and History State Historic Preservation Office indicating that there were no known archeological sites within the proposed Project area.

On May 27, 2009, the Town filed a revised version of the corrected Notice of Filing, filed on May 22, 2009, along with a letter from the Department of Environmental Protection (DEP) informing the Town that it appeared to be eligible to be considered for a \$560,000 loan with negative 5% interest for a term of 38 years, representing approximately 70% debt forgiveness. There would be an annual administrative fee in the amount of 0.25% for the amount of the loan to be repaid.

Also on May 27, 2009, the Commission issued the Notice of Filing herein, directing the Town to provide notice of the filing of its application by publishing the Notice of Filing one time in a qualified newspaper, published and generally circulated in Wayne County, making due return to the Commission of proper certification of publication immediately thereafter. Anyone desiring to protest or intervene in this matter was given leave to file a protest or intervention within thirty (30) days of the date of the Order. Finally, the Notice of Filing provided that, if no substantial protest to the application was filed within the 30-day period, the Commission could waive formal hearing and grant the application based upon the evidence submitted with the application and the Commission's review thereof.

On May 28, 2009, an amended Notice of Filing was issued, containing the same instructions.

On May 29, 2009, Staff Attorney Lisa L. Wansley filed the Initial Joint Staff Memorandum herein, attached to which was the Initial Staff Internal Memorandum prepared by Utilities Analysts Billy J. Belcher and Ron Vernon of the Water and Wastewater Division and Technical Analyst Associate David W. Holley of the Engineering Division. Commission Staff indicated that it had commenced its review of the application but noted numerous items of additional information which were required in order for Staff to make a final recommendation. Along with the Initial Joint Staff Memorandum, the Staff Attorney filed Commission Staff's first data request to the Town of Ceredo, formally requesting the information specified in the Initial Memoranda.

By Referral Order entered on June 3, 2009, the Commission referred this matter to the Division of Administrative Law Judges for a decision to be rendered on or before August 19, 2009.

On June 8, 2009, the Town filed its response to Commission Staff's first data requests. Several items were not filed, because they were still not available to the Town, including a Rule 42 Exhibit, construction drawings and bid and specification documents.

On June 9, 2009, the Town filed an affidavit of publication for the Amended Notice of Filing Order entered in this proceeding on May 28, 2009, verifying that the required Notice was published in the Wayne County News, a qualified newspaper published and generally circulated in Wayne County, on June 1, 2009. The 30-day protest period expired on July 1, 2009, with no protests having been filed either by that date or as of the date of this Order.

On June 22, 2009, the Town filed its first supplemental response to Staff's first data request and a preliminary estimate of probable construction costs dated June 19, 2009.

On June 25, 2009, Commission Staff filed a motion requesting an extension of the Administrative Law Judge's decision due date. In its motion, Staff noted that the Town still had not completely responded to the discovery request, including the filing of a Rule 42 Exhibit. Staff indicated that it could not file its recommendation by July 20, 2009, since all required information had not been provided. Staff requested that the Commission issue an Order extending the decision due date as if a 180-day schedule was in place. The motion noted that Staff was making this request instead of a request for case dismissal.

Also on June 25, 2009, Staff Attorney Wansley filed a Further Joint Staff Memorandum, attached to which was an Interim Staff Memorandum prepared by the Technical Staff members, noting the problems raised by the incomplete filing and the failure of the Town to fully respond to the Staff data request.

On July 10, 2009, the Town filed an affidavit from its Town Clerk, verifying that notice by postcard billing was given to the Town's sewer customers of the proposed increase in sewer rates associated with the certificate proceeding.

On July 20, 2009, the Town filed its second supplemental response to Staff's first data request.

On July 27, 2009, the Town filed its third supplemental response to Staff's first data request, attaching a revised financial analysis dated July 27, 2009, based upon the estimated fiscal year ended June 30, 2009. Additionally, the Town filed a motion for a waiver of the requirement to file a Rule 42 Exhibit, and for expedited consideration of the application, stating that it was prepared to go to bid on its upgrade Project.

On July 29, 2009, the Commission issued an Order denying Commission Staff's motion to extend the decision due date.

On July 31, 2009, Staff Attorney Wansley filed a Further Joint Staff Memorandum, attached to which was a Further Interim Staff Internal Memorandum, submitted by the Technical Staff assigned to the case. Commission Staff indicated that it needed additional information originally requested on May 29, 2009, which had not yet been provided. Along with the memorandum, the Staff Attorney filed a motion to compel that information.

On August 12, 2009, the Town filed a letter from the DEP dated August 11, 2009, amending the previous DEP letter dated May 21, 2009. The letter indicated that, based upon the proposed average monthly user rate for 4,000 gallons of water usage, the Town would qualify for 100% debt forgiveness on its ARRA loan. However, since all of the ARRA funds had been allocated to projects in the bidding phase, the Town's Project may be considered as an alternate should additional ARRA funds become available in the future.

On August 14, 2009, the Town filed a motion with the Commission to extend the Administrative Law Judge's decision due date, noting the absence of available funding and indicating that the Town would now seek alternate funding through the IJDC.

By Commission Order entered on August 19, 2009, as corrected on August 20, 2009, the decision due date for this case was extended to October 14, 2009.

On October 2, 2009, the Town filed another letter from the DEP, dated October 2, 2009, committing the amount of \$560,000 to be issued at 0% interest, and a 0.5% annual administrative fee, for a term of 40 years, through the base Clean Water State Revolving Fund (CWSRF) Program.

On October 5, 2009, Staff Attorney Wansley filed the Final Joint Staff Memorandum in this proceeding, attached to which was the Utilities and Engineering Division Final Memorandum prepared by Mr. Belcher and Mr. Holley. The Engineering Review indicated that the Town currently provides service to approximately 1,070 customers and has a contract with the City of Huntington for treatment of the Town's wastewater. The Town extended service to the Broad Hollow area in the 1980s. Over time, sewer service was also provided to the Upper Broad Hollow, Smith Branch Road and Cemetery Hill Road areas. Flows were all directed to the Smith Branch Road lift station, which resulted in an increase in the number of customers being served by that pump station from approximately 30 to approximately 120. The pumps operate for extended hours and require frequent maintenance. Additionally, the support system for the grinder pumps has deteriorated over time, i.e., the submersible grinder pumps no longer have a slide rail system to allow for easy retrieval. There has also been overflowing and discharge into nearby streams during peak flows. The residents in the area of the sewer lift station also have complained about noise and odors.

During field work performed by the engineer to upgrade the lift station, it was determined that the existing gravity line into which the lift station discharges its flows did not have the proper slope and did not have the capacity to handle the estimated design flows and was subject to surcharging at various conditions. Simply upgrading the lift

station will aggravate the problem by increasing flows during pumping. The gravity line carries the flows of approximately 465 customers.

The base bid for the Project will consist of, among other things, the construction of approximately 2,090 linear feet of various sizes of sewer main and casing and the upgrade of the lift station using the Town's existing S&L package system with 15 horsepower pumps. An additive alternative using a different package system for upgrading the lift station, with 7½ horsepower pumps, which would save money over time, is included. The total project cost is estimated to be \$560,000. Commission Staff has reviewed the construction costs and finds them to be reasonable. Commission Staff also agrees with the engineer's estimate that total operation and maintenance expenses will not increase due to the Project. Staff noted that the Town still has not received a letter from the DEP approving the plans and specifications for the Project.

According to Commission Staff, the upgrade of the Smith Branch Road lift station with larger pumps will allow the lift station to handle the additional flows from the Upper Broad Hollow, Smith Branch Road and Cemetery Hill Road areas, without both pumps operating for extended hours and causing maintenance problems. The upgrade should also eliminate the odor and noise problems reported by the residents as well as the occasional discharges into nearby streams. The replacement of the smaller diameter force main and gravity mains will allow the collection system to handle the additional flows from the upgraded lift station without surcharging. Using the approximately 465 customers affected by the Project, the cost per customer is approximately \$1,200, which is reasonable for a sewer project. The percentage of engineering fees to construction and Project costs is approximately 26.8% and 16.2%, respectively, which Technical Staff believes to be high. Technical Staff's review of the plans and specifications indicated that they are in general conformance with the Commission's rules and regulations. Engineering Staff recommended that the Project be approved, as it was both necessary and convenient.

The Staff financial review was based upon the revised funding package, consisting of the \$560,000 CWSRF Loan. That loan will require an annual principal payment of \$14,737 and an annual administrative fee of \$1,481. The Town's current sewer rates and charges became effective for all service rendered on and after July 10, 2009. With the implementation of those increased rates and charges, the Town's financial position is adequate to support the Project. Based upon Staff's adjustments to the Town's cash flow analysis to reflect the impact of the revised funding package, at Project completion, the Town should experience a cash flow surplus of \$25,615 with debt service coverage of 139.37%. Accordingly, Financial Staff deemed the Project to be financially feasible and recommended approval.

In summary, Commission Staff recommended that the Town be granted a certificate of convenience and necessity to construct the proposed Project; that the proposed Project funding consisting of the State Revolving Fund Loan from the base Clean Water State Revolving Fund Program, rather than ARRA funds, be approved; and that various other conditions regarding the Project be adopted.

DISCUSSION

The Project at issue herein, in and of itself, is not remarkable and appears to be well-justified. There is more than ample proof of need to support the conclusion that the public convenience and necessity require the Project and that the Project appears to be economically and financially viable, based upon the committed funding and the Town's current sewer rates and charges. While this Project originally was filed as one of the SCN applications created by the Public Service Commission in General Order No. 182.09, issued on April 16, 2009, since the funding for the Project no longer contains ARRA funding, it will no longer be treated as an SCN filing herein.

As with all certificate applications filed with the Commission, in the event that the project scope changes, or changes in project cost and/or financing require a further rate increase, the Town will be required to file a petition to reopen this matter, to allow the Commission to assess the nature of the project changes, both to determine if they are adequately funded and to determine if those changes are appropriate and not in conflict with any state laws or Commission rules, and to insure that funding package and associated rates support the economic feasibility and financial viability of the project.

FINDINGS OF FACT

1. On May 20, 2009, the Town of Ceredo filed an application with the Public Service Commission for a certificate of public convenience and necessity for a project to replace the pumps at the Smith Branch Road lift station and replace approximately 2,090 LF of sewer line to improve service to approximately 465 customers in Wayne County. (See, application filed May 20, 2009; Final Joint Staff Memorandum and attachment filed October 5, 2009).

2. By Notice of Filing Order entered on May 28, 2009, the Town of Ceredo was required to publish a Notice of Filing one time in a newspaper, published and generally circulated in Wayne County, providing anyone affected by the application thirty (30) days in which to file written protests with the Public Service Commission. No protests were filed within the thirty-day protest period or as of the date of this Order. (See, Notice of Filing Order entered May 28, 2009; affidavit of publication filed June 9, 2009; case file generally).

3. The Town has received a letter from the West Virginia Department of Environmental Protection, committing funding for the Project in the form of a \$560,000 Clean Water State Revolving Fund (base program) loan at 0% interest for a term of 40 years, with a 0.5% annual administrative fee. (See, DEP letter dated October 2, 2009, filed October 2, 2009).

4. The Project will not require an additional rate increase. In May 2009, the Town enacted a rate increase which became effective on July 10, 2009. Based upon those rates, and with adjustment by Commission Staff for the final funding package, at project completion, the Town should experience a cash flow surplus of \$25,615, with debt service coverage of 139.37%. (See, Final Joint Staff Memorandum and attachment filed October 5, 2009).

5. Commission Technical Staff has reviewed the original plans and specifications for the Project and has concluded that there are no conflicts with the Commission's Sewer Rules concerning engineering requirements. (See, Final Joint Staff Memorandum and attachment filed October 5, 2009).

6. The Smith Branch Road lift station, constructed in the 1980s, originally served 30 customers, but now serves approximately 120. The pumps operate for extended hours and require frequent maintenance. The support system for the pumps has deteriorated. There has been overflowing and discharging into nearby streams at peak flows. Residents in the area complain of noise and odors. The gravity line into which the pump discharges is not large enough to handle the existing flows, does not have the proper slope and is subject to surcharging. The proposed Project should solve these problems. (See, Final Joint Staff Memorandum and attachment filed October 5, 2009).

7. After concluding its review, Commission Staff recommended that a certificate of convenience and necessity be granted to the Town of Ceredo, that the proposed DEP financing be approved and that various other conditions with regard to certification of the project be adopted. (See, Final Joint Staff Memorandum and attachment filed October 5, 2009).

CONCLUSIONS OF LAW

1. The Public Service Commission is empowered to require all public utilities, including municipally-operated public utilities, to demonstrate that a proposed water or sewer project is economically feasible and financially viable by demonstrating that they have secured adequate funding to cover all project costs, as those project costs are determined to be at the conclusion of the bidding process, and that the resulting rates are just, reasonable, applied without unjust discrimination or preference and based primarily on the cost of providing service. See, W. Va. Code §24-2-4b; State ex. rel. Public Service Commission v. Town of Fayetteville, 212 W. Va. 427, 573 S.E.2d 338 (2002); Town of Man and Man Water Works, Inc., Case No. 81-433-W-PC, Order Affirming Hearing Examiner's Decision, April 16, 1982, 69 ARPSCWV 1893; Ohio County Public Service Commission, Case No. 82-482-S-CN, Order Affirming Hearing Examiner's Decision Without Prejudice, April 8, 1983, 70 ARPSCWV 2049. See also, Sexton v. Public Service Commission, 188 W. Va. 305, 423 S.E.2d 914, (1992).

2. The public convenience and necessity require the proposed project.

3. The current rates and charges of the Town of Ceredo appear to be sufficient to cover all project-related costs, as well as the Town's going-level operation and maintenance expenses.

4. The proposed funding package for the project, consisting of the DEP loan of CWSRF funds in the amount of \$560,000, at 0% interest and an annual administrative fee of 0.5%, is reasonable and is sufficient to cover the cost of the project, at its current cost estimates.

5. A certificate of convenience and necessity should be granted to the Town of Ceredo for the project specified herein, without specifically approving the project's plans and specifications.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by the Town of Ceredo on May 20, 2009, for a certificate of convenience and necessity to upgrade the Smith Branch Road lift station and construct or upgrade approximately 2,090 LF of sewer line, all as more particularly described in the plans and specifications filed herein, at a total cost of approximately \$560,000, be, and it hereby is, granted, without specifically approving the plans and specifications filed herein.

IT IS FURTHER ORDERED that the proposed project financing package, consisting of a loan in the amount of \$560,000 from the Department of Environmental Protection's Clean Water State Revolving Fund base program, at 0% interest and an annual administrative fee of 0.5% for a term of 40 years, be, and it hereby is, approved.

IT IS FURTHER ORDERED that, if the project scope changes or if project costs or financing require a further rate increase, the Town of Ceredo petition the Commission for approval of such change(s) prior to commencing construction.

IT IS FURTHER ORDERED that the Town of Ceredo cannot proceed to construction unless and until it has received all required federal, state and local permits, and unless the finally-awarded funding package is adequate to cover all project costs, as determined at the conclusion of the bidding process with a bid awarded for each construction contract or vendor contract for the project.

IT IS FURTHER ORDERED that the Town of Ceredo provide a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each construction contract or vendor contract to be awarded for this project.

IT IS FURTHER ORDERED that the Town of Ceredo provide a copy of the certification of substantial completion for each contract associated with this project, within ten (10) days of issuance.

IT IS FURTHER ORDERED that, if this Project requires the use of Division of Highways' rights-of-way, the Town of Ceredo comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this matter be 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:cdk
090815a.wpd

Affidavit of Legal
Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I, Thomas J. George publisher of the WAYNE COUNTY NEWS, a newspaper published in the COUNTY OF WAYNE, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

Commencing on June 1, 2009
And Ending on June 1, 2009
Given under my hand this 3rd day
of June 20 09

Thomas J. George

Sworn to and subscribed before me this

3rd day of June
20 09, at Wayne, Wayne County,
West Virginia.

Ruth A. Adkins
NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST VIRGINIA.

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

\$ 419.11



LEGAL ADVERTISEMENT

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

NOTICE OF FILING On May 20, 2009, the Town of Ceredo filed an application...

APPLICABILITY Applicable to entire territory served.

AVAILABILITY OF SERVICE Available for domestic, commercial, industrial (except unusual industrial waste), and residential service.

RATES First 3,000 gallons used per month, \$4.00 per 1,000 gallons per month...

MINIMUM CHARGE Each customer shall pay a minimum charge of \$4.00 per month...

UNMETERED RATE Customers with non-metered water supply shall be charged...

DELETED PAYMENT PENALTY The above schedule is out. On all accounts not paid in full...

TAP FEE The following charges are to be made whenever the utility installs a new tap to serve an applicant.

LEGAL ADVERTISEMENT

Whenever water service has been disconnected for any reason, a disconnection fee of \$25.00 shall be charged.

LEAK ADJUSTMENT \$3.50 per 1,000 gallons to be used when a bill reflects occasional consumption which can be attributed to eligible leakage.

APPLICABILITY Applicable to entire territory served.

AVAILABILITY OF SERVICE Available for domestic, commercial, industrial (except unusual industrial waste), and residential service.

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TAP FEE The following charges are to be made whenever the utility installs a new tap to serve an applicant.

LEGAL ADVERTISEMENT

Such consumption above the customer's historical average usage, the Utility shall calculate a nondiscriminatory policy...

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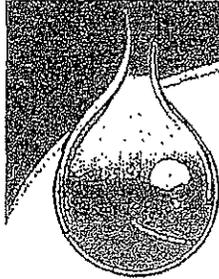
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WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela K. Chestnut
Executive Director

Barbara J. Pauley
Administrative Secretary

May 12, 2009

The Honorable Mose Napier
Mayor, Town of Ceredo
700B Street, P.O. Box 691
Ceredo, WV 25507

Re: Ceredo Sanitary Board
Sewer Project 2009S-1094

Dear Mayor Napier,

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Ceredo Sanitary Board's (Board) preliminary application to upgrade the existing lift station at Smith Branch Road and to install a new force main and section of gravity main (Project).

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

Upon consideration of the preliminary application, the Council determined that the Board should pursue \$560,000 of the Department of Environmental Protection's American Recovery and Reinvestment Act assistance to fund this project. Please contact the West Virginia Division of Environmental Protection office at (304) 926-0499 X1611 for specific information on the steps the Board needs to follow to apply for these funds. Please note that this letter does not constitute funding approval from this agency.

If you have any questions regarding this matter, please contact the Angela Chestnut at 304-558-4607 (Ext. 201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Mike Johnson, P.E., DEP (w/o enclosure) (via e-mail)
Region II Planning & Development Council
Terry Moran, Potesta & Associates, Inc.

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 2nd day of March, 2011, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of The Town of Ceredo (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), of the Issuer, in the principal amount of \$534,900, numbered AR-1, issued as a single, fully registered Bond, and dated March 2, 2011 (the "Series 2011 A Bonds").

2. At the time of such receipt, the Series 2011 A Bonds had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2011 A Bonds, of the sum of \$39,100, being a portion of the principal amount of the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

[Remainder of page intentionally left blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Caryl A. Cummings
Its: Authorized Representative

THE TOWN OF CEREDO

By: John E. Albin
Its: Mayor

02.01.11
138840.00002

CH5218897

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 2nd day of March, 2011, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of The Town of Ceredo Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), in the principal amount of \$534,900, dated March 2, 2011 (the "Bonds"), executed by the Mayor and the Recorder of The Town of Ceredo (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on January 3, 2011, and a Supplemental Resolution duly adopted by the Issuer on February 7, 2011 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the Bond Purchase Agreement for the Series 2011 A Bonds, dated March 2, 2011, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "Bond Purchase Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$39,100, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

THE TOWN OF CEREDO

By: *Debi E. Adkins*
Its: Mayor

02.01.11
138840.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF CEREDO
SEWER REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$534,900

KNOW ALL MEN BY THESE PRESENTS: The 2nd day of March, 2011, that THE TOWN OF CEREDO, a municipal corporation and political subdivision of the State of West Virginia in Wayne County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FIVE HUNDRED THIRTY-FOUR THOUSAND NINE HUNDRED DOLLARS (\$534,900), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2012, to and including March 1, 2051 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee of 0.5 % (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2012, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated March 2, 2011.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on January 3, 2011, and a Supplemental Resolution duly adopted by the Issuer on February 7, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain

conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THERE ARE NO OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2011 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2011 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds; provided however, that so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond

Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]



Mayor

SPECIMEN

ATTEST:



Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 2, 2011.

THE HUNTINGTON NATIONAL BANK,
as Registrar

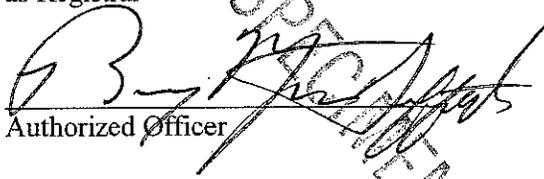

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$39,100	3/2/2011	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

SCHEDULE Y DEBT SERVICE SCHEDULE

BOND DEBT SERVICE			
Town of Ceredo			
CW SRF			
\$534,900			
0% Interest Rate, 0.5% Administrative Fee			
40 Years from Closing Date			
	Dated Date	3/2/11	
	Delivery Date	3/2/11	
Period Ending	Principal	Interest	Debt Service
6/1/12	3,429		3,429
9/1/12	3,429		3,429
12/1/12	3,429		3,429
3/1/13	3,429		3,429
6/1/13	3,429		3,429
9/1/13	3,429		3,429
12/1/13	3,429		3,429
3/1/14	3,429		3,429
6/1/14	3,429		3,429
9/1/14	3,429		3,429
12/1/14	3,429		3,429
3/1/15	3,429		3,429
6/1/15	3,429		3,429
9/1/15	3,429		3,429
12/1/15	3,429		3,429
3/1/16	3,429		3,429
6/1/16	3,429		3,429
9/1/16	3,429		3,429
12/1/16	3,429		3,429
3/1/17	3,429		3,429
6/1/17	3,429		3,429
9/1/17	3,429		3,429
12/1/17	3,429		3,429
3/1/18	3,429		3,429
6/1/18	3,429		3,429
9/1/18	3,429		3,429
12/1/18	3,429		3,429
3/1/19	3,429		3,429
6/1/19	3,429		3,429
9/1/19	3,429		3,429
12/1/19	3,429		3,429
3/1/20	3,429		3,429
6/1/20	3,429		3,429
9/1/20	3,429		3,429
12/1/20	3,429		3,429
3/1/21	3,429		3,429
6/1/21	3,429		3,429
9/1/21	3,429		3,429

BOND DEBT SERVICE

Town of Ceredo

CW SRF

\$534,900

0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
12/1/21	3,429		3,429
3/1/22	3,429		3,429
6/1/22	3,429		3,429
9/1/22	3,429		3,429
12/1/22	3,429		3,429
3/1/23	3,429		3,429
6/1/23	3,429		3,429
9/1/23	3,429		3,429
12/1/23	3,429		3,429
3/1/24	3,429		3,429
6/1/24	3,429		3,429
9/1/24	3,429		3,429
12/1/24	3,429		3,429
3/1/25	3,429		3,429
6/1/25	3,429		3,429
9/1/25	3,429		3,429
12/1/25	3,429		3,429
3/1/26	3,429		3,429
6/1/26	3,429		3,429
9/1/26	3,429		3,429
12/1/26	3,429		3,429
3/1/27	3,429		3,429
6/1/27	3,429		3,429
9/1/27	3,429		3,429
12/1/27	3,429		3,429
3/1/28	3,429		3,429
6/1/28	3,429		3,429
9/1/28	3,429		3,429
12/1/28	3,429		3,429
3/1/29	3,429		3,429
6/1/29	3,429		3,429
9/1/29	3,429		3,429
12/1/29	3,429		3,429
3/1/30	3,429		3,429
6/1/30	3,429		3,429
9/1/30	3,429		3,429
12/1/30	3,429		3,429
3/1/31	3,429		3,429
6/1/31	3,429		3,429
9/1/31	3,429		3,429
12/1/31	3,429		3,429

BOND DEBT SERVICE

Town of Ceredo

CW SRF

\$534,900

0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
3/1/32	3,429		3,429
6/1/32	3,429		3,429
9/1/32	3,429		3,429
12/1/32	3,429		3,429
3/1/33	3,429		3,429
6/1/33	3,429		3,429
9/1/33	3,429		3,429
12/1/33	3,429		3,429
3/1/34	3,429		3,429
6/1/34	3,429		3,429
9/1/34	3,429		3,429
12/1/34	3,429		3,429
3/1/35	3,429		3,429
6/1/35	3,429		3,429
9/1/35	3,429		3,429
12/1/35	3,429		3,429
3/1/36	3,429		3,429
6/1/36	3,429		3,429
9/1/36	3,429		3,429
12/1/36	3,429		3,429
3/1/37	3,429		3,429
6/1/37	3,429		3,429
9/1/37	3,429		3,429
12/1/37	3,429		3,429
3/1/38	3,429		3,429
6/1/38	3,429		3,429
9/1/38	3,429		3,429
12/1/38	3,429		3,429
3/1/39	3,429		3,429
6/1/39	3,429		3,429
9/1/39	3,429		3,429
12/1/39	3,429		3,429
3/1/40	3,429		3,429
6/1/40	3,429		3,429
9/1/40	3,429		3,429
12/1/40	3,429		3,429
3/1/41	3,429		3,429
6/1/41	3,429		3,429
9/1/41	3,429		3,429
12/1/41	3,429		3,429
3/1/42	3,429		3,429
6/1/42	3,429		3,429

BOND DEBT SERVICE			
Town of Ceredo			
CW SRF			
\$534,900			
Period Ending	Principal	Interest	Debt Service
9/1/42	3,429		3,429
12/1/42	3,429		3,429
3/1/43	3,429		3,429
6/1/43	3,429		3,429
9/1/43	3,429		3,429
12/1/43	3,429		3,429
3/1/44	3,429		3,429
6/1/44	3,429		3,429
9/1/44	3,429		3,429
12/1/44	3,429		3,429
3/1/45	3,428		3,428
6/1/45	3,428		3,428
9/1/45	3,428		3,428
12/1/45	3,428		3,428
3/1/46	3,428		3,428
6/1/46	3,428		3,428
9/1/46	3,428		3,428
12/1/46	3,428		3,428
3/1/47	3,428		3,428
6/1/47	3,428		3,428
9/1/47	3,428		3,428
12/1/47	3,428		3,428
3/1/48	3,428		3,428
6/1/48	3,428		3,428
9/1/48	3,428		3,428
12/1/48	3,428		3,428
3/1/49	3,428		3,428
6/1/49	3,428		3,428
9/1/49	3,428		3,428
12/1/49	3,428		3,428
3/1/50	3,428		3,428
6/1/50	3,428		3,428
9/1/50	3,428		3,428
12/1/50	3,428		3,428
3/1/51	3,429		3,429**
	534,900		534,900
**Plus a quarterly administrative expense of \$336.45 that reflects a total Administrative expense of \$52,486.20			

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

In the presence of:

March 2, 2011

The Town of Ceredo
Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

The Town of Ceredo
Ceredo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The Town of Ceredo (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$534,900 Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a Bond Purchase Agreement dated March 2, 2011, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of \$534,900, in the form of one bond, bearing no interest, registered as to principal only to the Authority, payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2012, to and including March 1, 2051, all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Series 2011 A Bonds are subject to the SRF Administrative Fee equal to .5% of the principal amount of the Series 2011 A Bonds as set forth in the Schedule Y attached to the Bond Purchase Agreement.

The Bonds are issued for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on January 3, 2011, as supplemented by the Supplemental Resolution duly adopted by the Issuer on February 7, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.

2. The Bond Purchase Agreement inures to the benefit of the Authority and DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the consent of the Authority and the DEP.

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

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 and Exhibits of the Bond Purchase Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer.

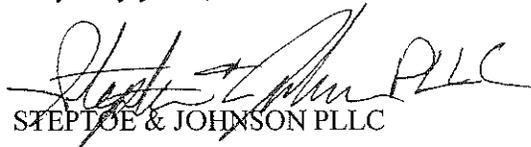
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

02.03.11
138840.00002

Ronald J. Flora

ATTORNEY AT LAW
1115 SMITH STREET
MILTON, WEST VIRGINIA 25541

(304) 743-5354
FAX (304) 743-4120
E-MAIL: lawro77@aol.com

Jennifer R. Smith / C.L.A.
Lori R. Shirkey / Secretary

March 2, 2011

The Town of Ceredo
Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

Town of Ceredo
Ceredo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to The Town of Ceredo in Wayne County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a Bond Purchase Agreement for the Bonds, dated March 2, 2011, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on January 3, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 7, 2011 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board dated December 28, 2010, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

I am of the opinion that:

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

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

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

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

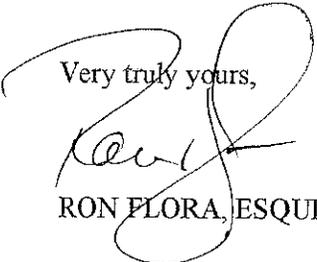
5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

6. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds, Bond Purchase Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds.

7. I have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Prior to the execution of construction contracts by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,


RON FLORA, ESQUIRE

138840.00002

LAW OFFICES

ROBERT R. RODECKER

BB&T SQUARE

300 SUMMERS STREET, SUITE 1230

POST OFFICE BOX 3713

CHARLESTON, WEST VIRGINIA 25337

ROBERT R. RODECKER
rodecker@wvdsi.net

JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

AREA CODE 304
343-1654

FACSIMILE
343-1657

March 2, 2011

The Town of Ceredo
Sewer Revenue Bonds Series 2011 A
(West Virginia SRF Program)

The Town of Ceredo
Ceredo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

I am special counsel to The Town of Ceredo in Wayne County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

I am of the opinion that:

The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the implementation of rates and charges, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on October 14, 2009 which became final order on November 3, 2009 in Case No. 09-0815-S-SCN, among other things, granting to

Page Two
March 2, 2011

the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Orders has expired prior to the date hereof.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert R. Rodecker". The signature is written in a cursive style with a prominent initial "R".

Robert Rodecker

RRR/bg

Ronald J. Flora

ATTORNEY AT LAW
1115 SMITH STREET
MILTON, WEST VIRGINIA 25541

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FAX (304) 743-4120
E-MAIL: lawro77@aol.com

Jennifer R. Smith / C.L.A.
Lori R. Shirkey / Secretary

FINAL TITLE OPINION

March 2, 2011

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Dear Ladies & Gentlemen:

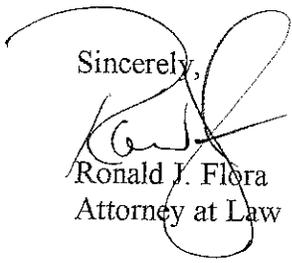
This firm represents the Town of Ceredo (the "Town") with regard to a proposed project to upgrades and improvements to the Town's sewer facilities, together with all appurtenant facilities (the "Project"), and provides this final title opinion on behalf of the Town to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") with regard to the financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the Town is a duly created and existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the DEP.
2. That the Town has obtained approval for all necessary permits and approvals for the construction of the Project.
3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Chapman Technical Group, the consulting engineers for the Project.
4. That I have examined the records on file in the Office of the Clerk of the County Commission of Wayne County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Town has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

March 2, 2011
Page Two

5. That all deeds or other documents which have been acquired to date by the Town have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the Town.

Sincerely,



Ronald J. Flora
Attorney at Law

RJF/js

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. BOND PURCHASE AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. SIGNATURES AND DELIVERY
15. BOND PROCEEDS
16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
17. PUBLIC SERVICE COMMISSION ORDERS
18. SPECIMEN BOND
19. CONFLICT OF INTEREST
20. PROCUREMENT OF ENGINEERING SERVICES
21. CLEAN WATER ACT
22. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of The Town of Ceredo in Wayne County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify this 2nd day of March, 2011, in connection with the Issuer's Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 2011 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted January 3, 2011 and the Supplemental Resolution duly adopted February 7, 2011 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues or any grants, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Bond Purchase Agreement, and the Issuer has met all conditions prescribed in the Bond Purchase Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

Upon issuance of the Series 2011 A Bonds, there will be no outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2011 A Bonds as to liens, pledge, source of and security for payment.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Bond Purchase Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board and Oaths of Members

Petition of Sanitary Board

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Bond Ordinance and Supplemental Resolution

NPDES Permit

Evidence of Insurance

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

Name	Date of Commencement of Office	Date of Termination of Office
Otis Adkins, Mayor	July 1, 2009	June 30, 2013
Stanley Fink, Recorder	July 1, 2009	June 30, 2013
Dennis Adkins, Councilmember	July 1, 2009	June 30, 2013
James Billups, Councilmember	July 1, 2009	June 30, 2013
Steve Diamond, Councilmember	July 1, 2009	June 30, 2013

Robert Leslie, Councilmember	July 1, 2009	June 30, 2013
Joe Ratcliff, Councilmember	July 1, 2009	June 30, 2013

The duly elected or appointed members of the Sanitary Board for 2011 are as follows:

Stanley Fink, Chairman
 Steve Diamond
 Joe Ratcliff
 Earl D. Bevins, P.E.

The duly appointed and acting Counsel to the Issuer is Ron Flora, Charleston, West Virginia and the duly appointed and Special PSC Counsel to the Issuer is Robert Rodecker, Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction and financing of the Project or the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. Prior to the execution of construction contracts by the Issuer, all insurance for the System required by the Bond Legislation

will be in full force and effect.

10. **BOND PURCHASE AGREEMENT:** As of the date hereof, (i) the representations of the Issuer contained in the Bond Purchase Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Bond Purchase Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Bond Purchase Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Bond Purchase Agreement not misleading; and (iv) the Issuer is in compliance with the Bond Purchase Agreement.

11. **INSURANCE.** The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Bond Legislation and the Bond Purchase Agreement. All insurance for the System required by the Bond Legislation and the Bond Purchase Agreement are in full force and effect.

12. **VERIFICATION OF SCHEULE:** The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the system.

13. **RATES:** The Issuer has duly enacted a sewer rate ordinance on May 26, 2009, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

14. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Bond Purchase Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

15. BOND PROCEEDS: On the date hereof, the Issuer received \$39,100 from the Authority and the DEP, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Wayne County News*, a qualified newspaper published and of general circulation in The Town of Ceredo, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 3rd day of January, 2011, at 7:30 p.m., at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

17. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on October 14, 2009, which became Final Order on November 3, 2009, Corrective Order entered August 20, 2009, in Case No. 09-0815-S-SCN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. The order remains in full force and effect.

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

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Sanitary Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has

complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

21. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of The Town of Ceredo on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Dr. E. Adkin

Mayor

Stanley E. Fink

Recorder

Counsel to the Issuer

Special PSC Counsel
(Paragraphs 13 and 17)

138840.00002

WITNESS our signatures and the official seal of The Town of Ceredo on the day and year first written above.

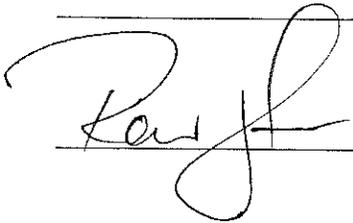
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

A handwritten signature in cursive script, appearing to read 'Ray H.', is written across a horizontal line. The signature is written in black ink and is positioned to the left of the 'OFFICIAL TITLE' column.

Counsel to the Issuer

Special PSC Counsel
(Paragraphs 13 and 17)

138840.00002

WITNESS our signatures and the official seal of The Town of Ceredo on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

Counsel to the Issuer

Robert R. Roden

Special PSC Counsel
(Paragraphs 13 and 17)

138840.00002

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Terence C. Moran, Registered Professional Engineer, West Virginia License No. 12985, of Potesta & Associates, Inc., Charleston, West Virginia, hereby certify this 2nd day of March, 2011, as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing sewerage system (the "System") of The Town of Ceredo (the "Issuer"), to be constructed in Wayne County, West Virginia, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on January 3, 2011, as supplemented by the Supplemental Resolution of the Issuer adopted February 7, 2011 (collectively, the "Bond Legislation") and the Bond Purchase Agreement for the Series 2011 A Bonds, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), dated March 2, 2011 (collectively, the "Bond Purchase Agreement").

2. The Bonds are being issued (i) to pay the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP, and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A and Ronald Flora, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West

Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Griffith & Associates, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (xi) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project has been designed to, and the construction contracts provide for, sewer service for no new customers.

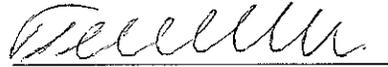
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WITNESS my signature and seal on the day and year first written above.

(SEAL)



POTESTA & ASSOCIATES, INC.


Terence C. Moran, P.E.
West Virginia License No. 12985

02.01.11
138840.00002

Schedule A

Town of Ceredo

Estimated Total Cost of Project Sources of Funds and Cost of Financing

A. Cost of Project

1. Construction	<u>339,060</u>
2. Technical Services	<u>98,599</u>
3. Legal and Fiscal	<u>30,000</u>
4. Administrative	<u>28,000</u>
5. Site and Other Lands	<u>1,768</u>
6. Step I and/or Step II or Other	<u>0</u>
Loan Repayment (Specify Type)	<u>0</u>
7. Interim Financing Costs	<u>0</u>
8. Contingency	<u>16,973</u>
9. Total of Lines 1-8	<u>514,400</u>

B. Source of Funds

10. Federal Grants	<u>0</u>
11. State Grants	<u>0</u>
12. Other Grants	<u>0</u>
13. Other Sources - Local Contribution	<u>0</u>
14. Total of Lines 10-13	<u>0</u>
15. Proceeds Required from Bond Issue (Line 9 less line 14)	<u>514,400</u>

C. Cost of Financing

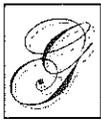
16. Capitalized Interest (Construction period plus six months)	<u>0</u>
17. Funded Reserve Account	<u>0</u>
18. Bond Counsel	<u>20,500</u>
19. Other Costs	<u>0</u>
20. Total of Lines 16-19	<u>20,500</u>
21. Size of Bond Issue (Line 9 plus Line 20)	<u>534,900</u>

D. E. Adkin
Town of Ceredo

2-7-2011
Date

P. ...
Potesta

2/9/11
Date



March 2, 2011

The Town of Ceredo
Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

The Town of Ceredo
Ceredo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of The Town of Ceredo (the "Issuer"), enacted May 26, 2009, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Potesta & Associates, Inc., the Consulting Engineer to the Issuer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), to be issued on the date hereof in the aggregate principal amount of \$534,900 (the "Series 2011 A Bonds").

Very truly yours,



Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of The Town of Ceredo in Wayne County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$534,900 Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), of the Issuer, dated March 2, 2011 (the "Bonds" or the "Series 2011 A Bonds"), on this 2nd day of March, 2011, hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on January 3, 2011, as supplemented by Supplemental Resolution duly adopted by the Issuer on February 7, 2011 (the "Bond Legislation"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 2, 2011, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$39,100, being a portion of the principal amount of the Series 2011 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Legislation pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Department of Environmental Protection (the "DEP"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2011 A Bonds were sold on March 2, 2011, to the Authority, pursuant to a Bond Purchase Agreement dated March 2, 2011, by and among the Issuer, the

Authority and the DEP, for an aggregate purchase price of \$534,900 (100% of par), at which time, the Issuer received \$39,100 from the Authority and the DEP, being the first advance of the principal amount of the Series 2011 A Bonds. No accrued interest has been or will be paid on the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2011 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2011 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 1, 2012. The acquisition and construction of the Project is expected to be completed by September 1, 2011.

8. The total cost of the Project is estimated at \$534,900. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2011 A Bonds	<u>\$534,900</u>
Total Sources	<u>\$534,900</u>

USES

Costs of Acquisition and Construction of the Project	\$514,400
Costs of Issuance	<u>\$20,500</u>
Total Uses	<u>\$534,900</u>

9. Pursuant to Article V of the Bond Legislation, the following special funds or accounts have been created or continued relative to the Series 2011 A Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;

- (3) Series 2011 A Bonds Construction Trust Fund;
- (4) Series 2011 A Bonds Sinking Fund; and
- (5) Series 2011 A Bonds Reserve Account.

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

- (1) Series 2011 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2011 A Bonds Sinking Fund to cover capitalized interest.
- (2) Series 2011 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2011 A Bonds Reserve Account.
- (3) The balance of the proceeds of the Series 2011 A Bonds will be deposited in the Series 2011 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2011 A Bonds and related costs.

11. Monies held in the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest on, if any, the Series 2011 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2011 A Bonds Sinking Fund and Series 2011 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2011 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Legislation.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 6 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2011 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in

whole or in part prior to the last maturity date of the Bonds.

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2011 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2011 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2011 A Bonds 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. Monies in the Series 2011 A Bonds Reserve Account and the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Left Blank]

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

THE TOWN OF CEREDO

By: 
Its: Mayor

02.01.11
138840.00002

THE TOWN OF CEREDO

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

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

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

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

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

Adopted this 24th day of April 2007.

Walter A. Hays
Mayor

ATTEST:

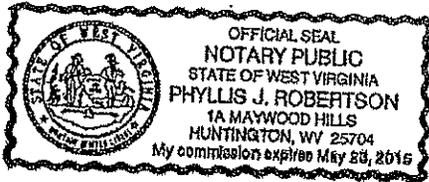
Phyllis Robertson, Assistant City Clerk.
Town Clerk

CERTIFICATION

I, Sarah Byard, duly appointed Town Clerk of the Town of Ceredo do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the Town Council of the Town of Ceredo at a regular meeting of Town Council held April 24, 2007, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 24th day of April, 2007.

[SEAL]



Sarah Byard PGR
Town Clerk

Phyllis J. Robertson
Assistant City Clerk

*my Commission expires
May 23, 2015*

04/17/07
138840.00001

TOWN CHARTER

Chapter 59 of Acts of 1866--AN ACT
to incorporate the Town of Ceredo,
in Wayne County.

(PASSED FEBRUARY 23, 1866)

TOWN CHARTER

1. The corporate limits and boundaries of the town of Ceredo, Wayne County, West Virginia, shall be as follows: Beginning at the mouth of Twelve Pole Creek, thence up said creek to a point where the centerline of Bridge Street would intersect said creek and extending the said line of Bridge Street south to the northern boundary of the Chesapeake & Ohio main line and running westerly with the said line, to a point near the C & O Railroad Bridge over Twelve Pole Creek, which point is the northern end of a survey boundary extending over Chimney Rock to a marker on top of the hill immediately north of Lucas Hollow, a distance of approximately 1600 feet; thence from the said marker north of Lucas Hollow directly west to the center line of Twelve Pole Creek, turning upstream along said centerline to a point opposite Cole Branch; westerly along Cole Branch to a point west and south of the West Virginia Department of Highways right of way where said boundary intersects with Cole Branch, thence in a northeasterly direction along the access highway from Tri-State Airport to West Virginia Route 75, the southern and western highway right of way being the southern boundary of the town of Ceredo to its intersection with State Route 75, a distance of approximately 6000 feet; northerly across the Tri-State Airport access highway and following the right of way of State Route 75 to its intersection with Interstate 64 and following said interstate's southern right of way to a point opposite the Norfolk & Western Railroad's belt line near the N & W culvert

under the said railroad company's yards leading to their Twelve Pole division tracks, north across the Interstate 64 and the N & W Twelve Pole line to the point where the N & W belt line and yards property line intersect and following the eastern belt line right of way property line to the second culvert under the said belt line; thence leaving the N & W property in an easterly direction approximately 75 feet to a point of intersection with the original western boundary of the town of Ceredo; thence north toward the Ohio River to a marker in Beech Street and paralleling Kenova's corporate limits, thence westerly along Beech Street to a point near Twelfth Street and Beech Street approximately 300 feet east of the N & W Railroad bridge over the Ohio River, a distance of approximately 3000 feet; thence north to the Ohio River a distance of approximately 300 feet; and following the said Ohio River upstream to the place of beginning.

MUNICIPAL AUTHORITIES

2. The municipal authorities of said town shall be a mayor, a recorder, and five councilmen, who together, shall form a common council.

3. The mayor, recorder, and councilmen, so soon as they have been elected and qualified, as hereinafter provided, shall be a body politic and corporate, by the name of "The Town of Ceredo." and shall have perpetual succession, and a common seal; and by that name may sue and be sued, implead and be impleaded; may purchase and hold real

estate necessary to enable them the better to discharge their duties, and needful for the good order, government and welfare of said town.

4. All the corporate powers of said corporation shall be exercised by said council, or under their authority, except where otherwise provided.

APPOINTIVE OFFICERS

5. There shall be a town sergeant, a treasurer, and commissioner of the revenue, appointed by the council, to continue in office at its pleasure and perform the duties respectively, as hereinafter prescribed, or as may be required by the council.

6. The duties of the office of recorder, treasurer, and commissioner of the revenue may be discharged by the same person or otherwise, as the council may from time to time determine.

REGULAR ELECTION OF OFFICERS

TERM OF OFFICE AND TIME OF ELECTION

7. The mayor, recorder, and councilmen shall be elected by the citizens of the said town, who may be entitled to vote under this act, and (except when elected to fill vacancies,) for the term of one year, and until their successors shall have been qualified, and shall be free holders and residents of said town, and entitled to vote for members of the common council.

8. The first election under this act shall be held on the third Saturday in March, eighteen hundred and sixty-six, at the Ceredo House in said town, under the supervision of a justice of Ceredo township, and annually thereafter there shall be an election on the same day in each year, at such place and under such supervision, rules and regulations as the council of said town may prescribe. The person conducting the first election shall grant certificates to the persons elected, which shall be entered upon the records, with ordinances of said council, and their term of office shall commence on the first day of April next after election.

REVISION: The length of the terms of office of the elected officials was changed from one to two years by ordinance and by vote of the people in accordance with 8-5-5 at the regular election held in 1965 as follows:

All regular elections for officers of the town of Ceredo shall be held bi-annually on the third Saturday in March: Provided, that the first regular election held in the town of Ceredo after this ordinance becomes effective shall be held on the third Saturday in March, in the year 1965.

SECOND REVISION: The length of the terms of office of the elected officials was changed from two to four years by ordinance and by vote of the people in accordance with 8-5-5 at the regular election held in 1985, as follows:

The regular election of officers in the Town of Ceredo shall be held quadrennially on the third Saturday in March of the odd numbered year next following leap year. IT IS FURTHER ORDAINED that the first election held as herein provided shall be the regular election held on the third Saturday in March, 1985.

ELECTIONS -- WHO IS ENTITLED TO VOTE

FILLING OF VACANCIES

9. All persons, residents of said town, and entitled to vote for county and township officers, shall be entitled to vote for mayor, recorder and councilmen.

10. When a vacancy shall occur from any cause, in the office of mayor, recorder or in the council, the vacancy shall be filled by appointment by the council.

11. At all elections, the vote shall be by ballot, and when two or more persons for the same office, at any election, shall receive an equal number of votes, the person or persons conducting such an election shall decide which of the said persons shall be returned elected. And all contested elections shall be heard and determined by the council, for the time being.

OATH OF OFFICE

12. The mayor, recorder, councilmen, sergeant, treasurer and commissioner of the revenue shall each, before entering upon the

duties of his office, and within ten days after being furnished with a certificate of his election, take and subscribe the oath of loyalty prescribed for county and township officers, and that they will truly, faithfully and impartially discharge the duties of their said offices, respectively, to the best of their ability, so long as they continue therein. The recorder shall take such oath or affirmation before a justice or other officer authorized to administer oaths, and thereupon he shall administer the oaths aforesaid to the other officers and councilmen. Certificates of said oaths or affirmations shall be recorded in the journal of the proceedings of the council.

WHEN ELECTED OFFICIALS TAKE OFFICE

13. When any four of the newly elected councilmen shall have been qualified, they shall enter upon the duties of their said offices and supersede the former councilmen.

14. If any one elected mayor, recorder or councilman shall not have been eligible, or shall fail or refuse to take the oath or affirmation required under this act, within the ten days aforesaid, such office shall be declared vacant, and the vacancy filled as hereinbefore prescribed, but in all cases from among the citizens of the town eligible to such office or position under this act.

PROCEEDINGS OF THE COUNCIL

15. The council shall be presided over at its meetings by the mayor, or in his absence by one of the councilmen selected by a majority of the council present, and a majority of the council shall be necessary to constitute a quorum to do business.

16. The council shall cause to be kept in a journal, an accurate record of all its proceedings, by-laws, acts and orders, which shall be fully indexed and open to the inspection of the voters of the town.

17. The proceedings of last meetings shall be read to the council, corrected when necessary, and signed by the person presiding for the time being. Upon the call of any member the ayes and noes on any question shall be called and recorded in the journal. The mayor, though voting as a member of the council, in cases of a tie, shall have the casting vote.

POWERS, DUTIES, AND RESPONSIBILITIES OF THE COUNCIL

18. The council, so constituted, shall have power within said town to lay off, open, curve and pave streets, alleys, walks, and gutters for the public use; and to alter, improve and light the same, and have them kept in order, and free from obstructions on or over them; to regulate the width of the sidewalks and streets, and to order the sidewalks, footways, and gutters to be curbed, paved and

kept in good order, free and clean, by the owners or occupants of the adjacent property; to lay off public grounds and provide, contract for and take care of public buildings proper to the town; to prevent injury or annoyance to the public or individuals, from anything dangerous, offensive, or unwholesome; to abate or cause to be abated, anything which, in the opinion of a majority of the whole council, shall be a nuisance; to regulate the keeping of gunpowder and other combustibles; to provide for the burial of the dead, and for this purpose may purchase and hold the necessary land for a cemetery near or convenient to said town, and provide for its improvement and security; to provide for the regular building of houses and other structures in or for said town; for the making of division fences, and to provide for shade and ornamental trees, and against danger or damage from fires or contagious diseases; to provide a revenue for the town, and appropriate the same, and to provide the annual assessment of taxable persons and property of the town; to adopt rules for the transaction of business and the government and regulation of its own body to promote the general welfare of the town, and protect the property, and preserve peace and good order therein; to keep a town guard; to appoint and order out a patrol for the town when deemed necessary; to appoint such officers as they may deem proper, including a sergeant, a commissioner of the revenue, and treasurer; to define their powers, prescribe their duties, fix their term of service and compensation, require and take from them bonds, with such sureties and in such penalties as the council may

determine, conditioned for the true and faithful discharge of their duties, and remove them at pleasure, (all bonds to be made payable to the town by its corporate name), to erect, or authorize, or prohibit the erection of gas works, or water works, in or near the town; to prevent injuries to, or pollution of the same; for all of which purposes named in this clause, except that of taxation, the council shall have jurisdiction for one mile beyond the borough; to regulate and provide for weighing and measuring hay, coal and other articles sold or for sale in said town, and to regulate the transportation thereof through the street, and generally do such things as the council shall deem necessary for the interests, prosperity, peace and good order of the citizens of said town.

19. To carry into effect these enumerated powers, and all others conferred upon said town or its council, expressly or by implication, in this or any other acts of the legislature, the council shall have power to adopt and enforce all needful orders, by-laws and ordinances not contrary to the constitution and laws of this state, and to prescribe, impose, and enforce reasonable fines and penalties, including imprisonment for a term not exceeding thirty days, under the judgment and order of the mayor of the said town, or the person lawfully exercising his functions. The council, with the consent of the supervisors of Wayne County, entered of record, may have the right to use the jail of said county for any purpose necessary in the administration of its affairs.

TAXATION

20. The annual levy ordered by the council may be upon all male persons within said town, over twenty-one years of age; dogs, hogs, and other animals, and on all real estate within said town which is not exempt from state taxation, and all such other subjects in said town as may at the time be assessed with state taxes, provided the taxes do not exceed one dollar on every hundred dollars of value of unimproved lots, and seventy-five cents on every one hundred dollars of the value of real and personal property, or two dollars per head on each taxable person.

AMENDED AND RE-ENACTED FEBRUARY 24, 1869, AS FOLLOWS:

21. When anything for which a state license is required is to be done within the limits of said town, the council may decide whether such license may be granted or not, and if granted it shall be assessed and collected, the same as if granted by the supervisors of Wayne County; in addition to the state tax for such license, the council may require an additional tax for the use of the town and in addition to the bonds and sureties required by the state, the council may require such additional bonds and sureties as they may determine.

COLLECTION OF TAXES AND FEES

22. The sergeant shall collect the town taxes, fines, levies and licenses, and after thirty days from the time he may receive the

books of the commissioner of revenue of said town, may distrain and sell therefor, in like manner as a sheriff to enforce the payment and collection thereof, and shall, within the corporate limits of the town, exercise all the duties that a constable can legally exercise in regard to the collection of claims, executing and levying process, and shall be entitled to the same compensation therefor; and he and his securities shall be liable to all the fines, penalties, and forfeitures that a constable is legally liable to for any failure or dereliction in said office to be recovered in the same manner and before the same tribunals that the same are now recovered against constables.

23. There shall be lien on real estate for the town taxes assessed thereon, from the commencement of the year for which they are assessed, and the council may order and require the same to be sold or rented by the sergeant at public auction for the arrears, with interest thereon, with such per centum as the council may prescribe, for charges and expenses thereof, and may regulate the terms upon, and time within, which the same may be redeemed. No such sale or renting shall be ordered until such realty shall be found delinquent, and the sale shall be after thirty days notice posted at the hotel and post office in said town.

COUNCIL MAY PROTECT MORALS, GOOD ORDER

24. The council may prohibit any theatrical or other performance show or exhibition it may deem injurious to the morals or good order of the town.

POWERS AND DUTIES OF THE MAYOR

25. The mayor shall be the chief executive officer of the town; shall take care that the by-laws, ordinances and orders of the council are faithfully executed; shall be ex-officio, a conservator and justice of the peace in the town, and shall, within the same, exercise all the powers and duties vested in justices; shall control the police of the town, and may appoint special police officers; shall see that peace and good order are preserved, and that the persons and property are protected in the town; shall have the power to issue executions for all fines and costs imposed by him, or may require the immediate payment of them, and in default of such payment may commit the party in default to jail until the fine and costs be paid, but term of imprisonment in such cases shall not exceed thirty days. He shall from time to time recommend to the council such measures as he may deem needful for the welfare of the town, and shall receive a compensation for his services, fixed by the council, which shall not be increased or diminished for the term for which he is elected.

POWERS AND DUTIES OF RECORDER

26. The recorder shall keep a journal of the proceedings of the council, and have charge of and preserve the records of the town and shall receive a compensation for his services to be fixed by the council, which shall not be increased or diminished for the term for which he was elected.

POWERS AND DUTIES OF TREASURER

27. All money belonging to said town shall be paid over to the treasurer, who shall pay the same out on the order of the mayor, countersigned by the recorder, and not otherwise; and for any default or liability upon the part of the treasurer or sergeant, the council, in the corporate name of said town, may, on motion, after ten days' notice, obtain judgment before the circuit court of said county, on account therefor, against them and their securities respectively, or any or either of them, or their heirs, or legal representatives.

MAINTENANCE OF STREETS

PROVIDING FOR THE POOR

28. The said town, and taxable persons and property therein shall be exempt from all expense or liability for the construction or repair of roads or bridges outside of the corporate limits of said town; provided, however, that the said town shall keep its streets and alleys in good order and provide for its own poor.

RULES OF PRACTICE
IN THE MAYOR'S COURT

Section 1. BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF CEREDO, that all prosecutions, actions and proceedings for violation of the laws or ordinances of the town, or any of them or any section thereof, shall be entitled, "The Town of Ceredo vs. _____" (the person or persons violating the same).

Section 2. That in all prosecutions in cases of the arrest upon view of any person in the act of committing an offense, after the the offender shall have been brought before the mayor or police judge, such officer making the arrest shall forthwith reduce or have reduced to writing the charge alleged against said person, and state that said arrest was made on view, which writing shall be signed and sworn to by such officer; and which may be in ordinary and concise language and shall not be deemed defective in form if it shows substantially an offense against the laws or ordinances of the town.

Section 3. That in all prosecutions in cases where a person or persons charged with a breach of any of the ordinances has not been arrested in the act of committing the offense, and where the Charter, and laws made in the pursuance thereof authorize it, the first writ may be a warrant for the arrest of the person or persons charged, but shall not issue until complaint in writing supported by affidavit, has been duly made.

Section 4. Trials shall be conducted agreeable to law and established usage. Bills of exception may be taken, and new trials granted and in all cases the right of appeal shall lie from the judgment of the mayor in any case held by him, to the circuit court.

Section 5. Prosecutions, actions, and proceedings may be continued for good cause, at cost of the party desiring delay, and offenders defendant therein, may be held to bail for their appearance, and in default thereof may be committed. Their bail shall not be excessive.

Section 6. That in prosecutions when a fine is imposed for the violation of an ordinance it shall be lawful for the mayor to order and adjudge as part of his judgment in the case, that the party so convicted and fined be imprisoned until the said fine so imposed and costs be paid or the party otherwise discharged; and if the fine so imposed is not paid, with costs, the party convicted and fined shall by order of the mayor or on process issued for the purpose, be committed to jail until such fine and costs of prosecution be paid, or the party discharged by due process of law, provided that the term of said-imprisonment shall in no case exceed thirty days.

Section 7. That in prosecutions for the violation of ordinances instead of the order of imprisonment until the fine is paid, and in prosecutions when the fine remains unpaid, and in civil actions to recover fines, penalties or forfeitures, it shall be lawful for the mayor in his discretion to issue execution upon the judgment

rendered, directed to the sergeant commanding him to make the said
fine, forfeiture, or penalty imposed or adjudged and costs by levy
and sale of the goods and chattles not exempt from sale upon
execution of the party against whom the same has been imposed or
adjudged.

Swearing In Ceremony of Elected Officials
Ceredo City Hall
March 28th, 2009
1:00 p.m.

Mayor Elect, Otis Adkins, welcomed citizens, family and friends that were attending the ceremony. He introduced Judge Robert G. Chafin, Senior Status Judge for the State of West Virginia, who would be administering the oaths of office.

Judge Chafin administered the Oath of Office to Otis E. Adkins as Mayor, after which Mayor Adkins' wife, Carol, presented him with his gavel.

Judge Chafin administered the Oath of Office to Stanley E. Fink as Recorder. He then administered the Oath of Office to the Council Members, Dennis Adkins, James Billups, Steve Diamond, Robert Leslie, and Joe Ratcliff.

Mayor Adkins expressed to those present the goals and objectives he would like to accomplish as Mayor.

Sarah Byard, Phyllis Robertson, Kim Wilson and Lynn Salmons served refreshments after the ceremony.

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507



OATH OF OFFICE

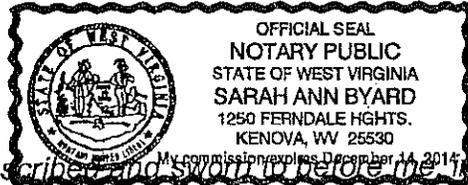
I, **Otis E. Adkins**, do solemnly swear that I will support and defend the constitution of the United States and faithfully execute the duties of **Mayor** to the best of my skill and ability **SO HELP ME GOD.**

Otis E. Adkins

Signature

March 28, 2009

Date



Subscribed and sworn to before me in the said county and State, this 28 day of March, 2009.

Sarah Ann Byard

Notary Public

My Commission expires December 14, 2014.

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507



OATH OF OFFICE

I, STANLEY E. FINK do solemnly swear that I will support and defend the constitution of the United States and faithfully execute the duties of RECORDER to the best of my skill and ability **SO HELP ME GOD.**

Stanley E. Fink
Signature

March 30, 2009
Date

Subscribed and sworn to before me, in the said county and State, this 30 day of March, 2009.

Sarah Ann Byard
Notary Public

My Commission expires December 14, 2014.



TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507



OATH OF OFFICE

I, **Dennis Adkins**, do solemnly swear that I will support and defend the constitution of the United States and faithfully execute the duties of **Councilman** to the best of my skill and ability **SO HELP ME GOD.**

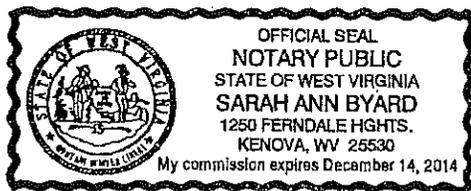
Dennis Adkins
Signature

March 28, 2009
Date

Subscribed and sworn to before me, in the said county and State, this 28 day of March, 2009.

Sarah Ann Byard
Notary Public

My Commission expires December 14, 2014



TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507



OATH OF OFFICE

I, **James T. Billups**, do solemnly swear that I will support and defend the constitution of the United States and faithfully execute the duties of **Councilman** to the best of my skill and ability **SO HELP ME GOD.**

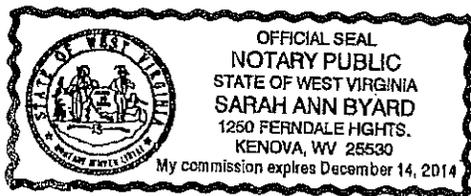
James T. Billups
Signature

March 28, 2009
Date

Subscribed and sworn to before me, in the said county and State, this 28 day of March, 2009.

Sarah Ann Byard
Notary Public

My Commission expires December 14, 2014.



TOWN OF CEREDO

An All West Virginia City

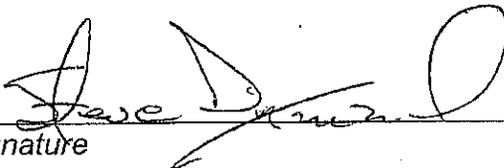
OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507



OATH OF OFFICE

I, **Steve Diamond**, do solemnly swear that I will support and defend the constitution of the United States and faithfully execute the duties of **Councilman** to the best of my skill and ability **SO HELP ME GOD.**

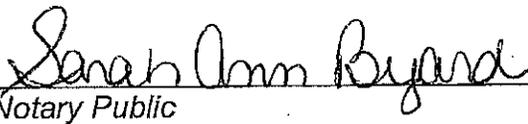


Signature

March 28, 2009

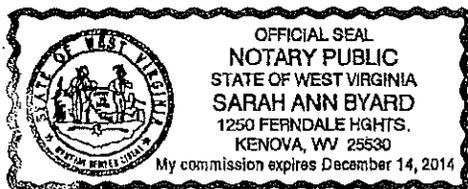
Date

Subscribed and sworn to before me, in the said county and State, this 28 day of March, 2009.



Notary Public

My Commission expires December 14, 2014



TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507



OATH OF OFFICE

I, **Robert Leslie**, do solemnly swear that I will support and defend the constitution of the United States and faithfully execute the duties of **Councilman** to the best of my skill and ability **SO HELP ME GOD.**

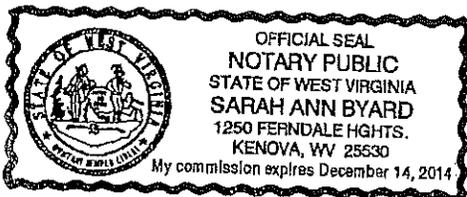
Robert Leslie
Signature

March 28, 2009
Date

Subscribed and sworn to before me, in the said county and State, this 28 day of March, 2009.

Sarah Ann Byard
Notary Public

My Commission expires December 14, 2014.



TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507



OATH OF OFFICE

I, **Joe Ratcliff**, do solemnly swear that I will support and defend the constitution of the United States and faithfully execute the duties of **Councilman** to the best of my skill and ability **SO HELP ME GOD.**

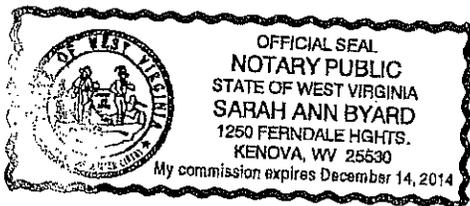
Joe Ratcliff
Signature

March 28, 2009
Date

Subscribed and sworn to before me, in the said county and State, this 28 day of March, 2009.

Sarah Ann Byard
Notary Public

My Commission expires December 14, 2014

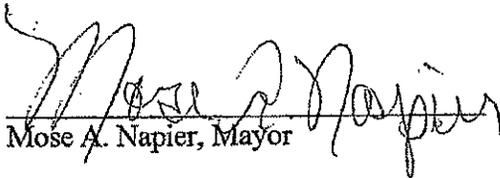


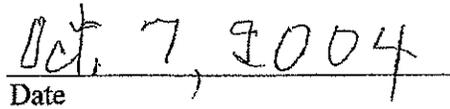
ORDINANCE CREATING A SEWER BOARD

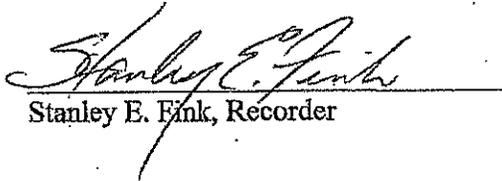
IT IS ORDAINED that a Sewer Board is established in the Town of Ceredo to regulate and govern all matters of the sewage system in the Town of Ceredo. This Board can make recommendations to Town Council for the good of the system.

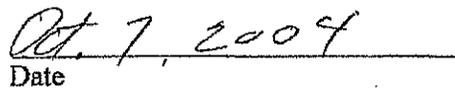
The Board shall consist of three members to be selected from Town Council. They shall choose one of their members to serve as Chairman of the Board, and shall together write by-laws, and establish the times and place of meetings. The Chairman will report to the Council at each regular meeting of Council. It will be the Council's prerogative and responsibility to approve the actions of the Board. Their terms shall coincide with their terms of office on the Council and any member may be removed for good cause by the Town Council

A quorum shall consists of two of the three members of the Board.


Mose A. Napier, Mayor


Date


Stanley E. Fink, Recorder


Date

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

PETITION OF SANITARY BOARD

The Sanitary Board of The Town of Ceredo (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that sewer revenue bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed \$860,000 for the purpose of financing a portion of the cost of acquisition and construction of certain additions, betterments and improvements to the sewerage system of the Town, together with all necessary appurtenances, and the costs of issuance and related costs.

Dated this 28th day of December, 2010.

SANITARY BOARD OF THE TOWN OF CEREDO

By: 
Its: Chairman

10.19.10
138840.00002

CH5218914

**ORDINANCE ADOPTED
MAY 26, 2009
SETTING FORTH INCREASED
SEWER RATES AND CHARGES**

TOWN OF CEREDO, WEST VIRGINIA

ORDINANCE NO. 12-3-01

**AN ORDINANCE ESTABLISHING AND FIXING SEWER RATES,
FEES AND CHARGES OF THE TOWN OF CEREDO, WEST VIRGINIA**

WHEREAS, the Town of Ceredo has determined it is necessary to upgrade a portion of its sanitary sewer system in the Broad Hollow area of its service territory due to an increase in the number of sewer customers, to bring that portion of the system into conformity with current minimum West Virginia Department of Health and Human Resources design standards, and to correct odor problems currently experienced; and

WHEREAS, the current rates, fees and charges for sewer service provided by the Town of Ceredo have been in effective since December 16, 2005; and,

WHEREAS, in order to provide sufficient revenues to enable the Town of Ceredo to meet its current day-to-day operating expenses and to cover the cost associated with the contemplated upgrade to its sewer system, the Town Council of the Town of Ceredo deems it advisable and necessary that its present sewer rates, fees and charges be increased in two phases.

THEREFORE, THE TOWN COUNCIL OF THE TOWN OF CEREDO HEREBY ORDAINS: The following two-phase increase in rates, fees and charges for sewer service provided to customers throughout its territory served, are hereby fixed and determined as rates, fees and charges in lieu of those rates, fees and charges contained in its tariff P.S.C. W.Va. No. 3, currently on file with the Public Service Commission of West Virginia:

PHASE I

[Effective 45 Days From Passage of Ordinance]

SCHEDULE I

APPLICABILITY

Applicable to entire territory served

AVAILABILITY OF SERVICE

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

RATES

First	3,000 gallons used per month	\$8.00	per 1,000 gallons per month
Next	7,000 gallons used per month	\$7.00	per 1,000 gallons per month
Over	10,000 gallons used per month	\$5.50	per 1,000 gallons per month

MINIMUM CHARGE

Each customer shall pay a minimum charge of \$24.00 per month
(Equivalent to 3,000 gallons of water usage)

UNMETERED RATE (Customers with non-metered water supply) \$34.50
Equivalent to 4,500 gallons of water usage

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of \$350.00, or the actual cost of the connection (solely determined by the Utility), whichever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT CHARGE/RECONNECT CHARGE/ADMINISTRATIVE FEE

Whenever water service has been disconnected for any reason, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent sewer bill is collected in the field, an administrative fee of \$25.00 shall be charged. Whenever water service which has previously been disconnected for any reason, a reconnection fee of \$25.00 shall be charged.

RETURNED CHECK CHARGE

A service charge of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

LEAK ADJUSTMENT

\$3.50 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage. The Utility shall establish a nondiscriminatory policy regarding this provision for leak adjustments.

EFT, ACH, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, ACH, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the Utility from the financial institution for processing payment.

SCHEDULE II

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

APPLICABILITY

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

$$S = A \times R \times .006233 \times C$$

- S - the surcharge in dollars
- A - the area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet
- R - the measured monthly rainfall in inches
- .006233 - the conversion factor to change inches of rain x square feet of surface to thousand gallon of water
- C - The Town's approved rate per thousand gallons of metered water usage

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

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

SCHEDULE III

SURCHARGE FORMULA TO BE APPLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of industrial waste will be calculated on the basis of the following formula:

$$C_i = V_o V_i + B_o B_i + S_o S_i$$

- C_i = charge to unusual users per year
- V_o = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
- V_i = volume of wastewater from unusual users in gallons per year
- B_o = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound
- B_i = weight of BOD from unusual users in pounds per year
- S_o = average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound
- S_i = weight of total solids from unusual users in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the Town of Ceredo, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Town of Ceredo records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Town of Ceredo, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF CEREDO

Where the amount of sanitary sewage discharged into the Town of Ceredo's waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Town of Ceredo a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

PHASE II

[Effective upon completion of the sewer system upgrade project or upon commencement of debt service, whichever first occurs]

SCHEDULE I

APPLICABILITY

Applicable to entire territory served

AVAILABILITY OF SERVICE

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

RATES

First	3,000 gallons used per month	\$9.00	per 1,000 gallons per month
Next	7,000 gallons used per month	\$8.50	per 1,000 gallons per month
Over	10,000 gallons used per month	\$6.00	per 1,000 gallons per month

MINIMUM CHARGE

Each customer shall pay a minimum charge of \$27.00 per month
(Equivalent to 3,000 gallons of water usage)

UNMETERED RATE (Customers with non-metered water supply) \$39.75
Equivalent to 4,500 gallons of water usage

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of \$350.00, or the actual cost of the connection (solely determined by the Utility), whichever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

DISCONNECT CHARGE/RECONNECT CHARGE/ADMINISTRATIVE FEE

Whenever water service has been disconnected for any reason, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent sewer bill is collected in the field, an administrative fee of \$25.00 shall be charged. Whenever water service which has previously been disconnected for any reason, a reconnection fee of \$25.00 shall be charged.

RETURNED CHECK CHARGE

A service charge of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

LEAK ADJUSTMENT

\$3.50 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage. The Utility shall establish a nondiscriminatory policy regarding this provision for leak adjustments.

EFT, ACH, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, ACH, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the Utility from the financial institution for processing payment.

SCHEDULE II

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

APPLICABILITY

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

$$S = A \times R \times .006233 \times C$$

- S - the surcharge in dollars
- A - the area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet
- R - the measured monthly rainfall in inches
- .006233 - the conversion factor to change inches of rain x square feet of surface to thousand gallon of water
- C - The Town's approved rate per thousand gallons of metered water usage

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

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

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$$C_i = V_o V_i + B_o B_i + S_o S_i$$

- C_i = charge to unusual users per year
- V_o = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
- V_i = volume of wastewater from unusual users in gallons per year

- Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound
- Bi = weight of BOD from unusual users in pounds per year
- So = average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound
- Si = weight of total solids from unusual users in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the Town of Ceredo, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Town of Ceredo records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Town of Ceredo, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE THE CORPORATE LIMITS OF THE TOWN OF CEREDO

Where the amount of sanitary sewage discharged into the Town of Ceredo's waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Town of Ceredo a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SECTION 2. EFFECTIVE DATE

The Phase I rates, fees, and charges set forth above shall become effective 45 days after the enactment hereof.

The Phase II rates, fees, and charges set forth above shall become effective upon completion of the sewer system upgrade project or upon commencement of debt service, whichever first occurs.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date of the fees, rates and charges as herein set forth, all ordinance, resolutions, orders or part thereof in conflict with the provisions of this Ordinance are, to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, order or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall, pursuant to the provisions of *West Virginia Code* §§8-11-4, 8-13-13 and 16-13-16, publish Notice of this Ordinance in *The Wayne County News*, being a newspaper published and of general circulation in Wayne County, West Virginia. Said Notice shall be published as a Class II publication with the first publication occurring at least ten (10) days prior to the date set before the meeting of the Town Council at which a public hearing, a final reading and a vote on the ordinance will be held. Said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 26th day of May, 2009, at 6:00 p.m., and present protests, if any. All objections and suggestions shall be heard and the Council shall take such action as it shall deem proper on the premises.

Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.

Passed on First Reading May 11, 2009

Passed on Second Reading
Following Public Hearing May 26, 2009

s/s Stanley E. Fink
Town Recorder

Otis E. Adkins
Mayor

Affidavit of Legal
Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I, Thomas J. George publisher of the WAYNE COUNTY NEWS, a newspaper published in the COUNTY OF WAYNE, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

Commencing on May 14, 2009

And Ending on May 21, 2009

Given under my hand this 22nd day

of May 2009

Thomas J. George

Sworn to and subscribed before me this

22nd day of May,

2009, at Wayne, Wayne County,

West Virginia.

Ruth A. Adkins
NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST VIRGINIA.

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

\$ 45.26



PUBLIC NOTICE OF PROPOSED ORDINANCE RELATING TO SEWER RATES, FEES AND CHARGES

Notice is hereby given that the TOWN OF CEREDO will hold a hearing before the final vote on a proposed ordinance the principal object of which is the increase of sewer rates, fees and charges for customers of the sewer system operated by the Town of Ceredo. The proposed ordinance is titled:

AN ORDINANCE ESTABLISHING AND FIXING SEWER RATES, FEES AND CHARGES OF THE TOWN OF CEREDO, WEST VIRGINIA.

The hearing and final vote on adoption of said proposed ordinance shall be held in the Council Chambers of the Town of Ceredo, 700 B Street, Ceredo, West Virginia on the 22nd day of May, 2009, commencing at 6:00 p.m. The issue pertinent to the public hearing and any parties may appear and be heard at such time with respect to the passage of the proposed ordinance.

Copies of the proposed ordinance are available for public inspection at the offices of the Town of Ceredo, 700 B Street, Ceredo, West Virginia.

TOWN OF CEREDO
5/14-21-5/21/2009

Affidavit of Legal
Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I, Thomas J. George publisher of the WAYNE COUNTY NEWS, a newspaper published in the COUNTY OF WAYNE, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

Commencing on May 14, 2009

And Ending on May 21, 2009

Given under my hand this 22nd day

of May 20 09



Sworn to and subscribed before me this

22nd day of May

20 09, at Wayne, Wayne County,

West Virginia.



NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST VIRGINIA.

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

\$ 714.25



LEGAL ADVERTISEMENT

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the Town of Ceredo has adopted, by ordinance on May 26, 2009, a two phase increase in rates, tolls and charges for furnishing sewer service to 825 customers in Wayne County, West Virginia.

The Phase I proposed increased rates and charges will become effective July 10, 2009, unless otherwise ordered by the Public Service Commission and will produce approximately \$55,068.00 annually in additional revenue, an increase of 18.1%. The average monthly bill for the various classes of customers will be changed as follows:

- Residential BASED ON 4,000 Gal/Mo. (\$ INCREASE \$4.40, INCREASE (%) 11.5%
- Commercial BASED ON 18,100 Gal/Mo. (\$ INCREASE \$22.55, INCREASE (%) 14.9%
- Industrial BASED ON 18,100 Gal/Mo. (\$ INCREASE \$22.55, INCREASE (%) 26.5%
- Resale, (\$ INCREASE N/A, INCREASE (%) N/A)

The Phase II proposed increased rates and charges will become effective upon completion of a sewer upgrade project to be undertaken by the City upon commencement of debt service associated with said project, whichever first occurs, unless otherwise ordered by the Public Service Commission, and will produce approximately \$35,000.00 annually in additional revenue, an increase of 9.1%. The average monthly bill for the various classes of customers will be changed as follows:

- Residential BASED ON 4,000 Gal/Mo. (\$ INCREASE \$4.50, INCREASE (%) 11.5%
- Commercial BASED ON 18,100 Gal/Mo. (\$ INCREASE \$17.55, INCREASE (%) 14.9%
- Industrial BASED ON 18,100 Gal/Mo. (\$ INCREASE \$17.55, INCREASE (%) 14.9%
- Resale, (\$ INCREASE N/A, INCREASE (%) N/A)

The Town of Ceredo has no sewer resale customers.

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

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission's petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination.

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

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

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

Clerk's Office
Town of Ceredo
700 E. Street

Ceredo, West Virginia 25507
A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

5/29, 2009 6/6/2009

Affidavit of Legal Publication and Posting STATE OF WEST VIRGINIA COUNTY OF WAYNE, TO-WIT:

I, Thomas J. George publisher of the WAYNE COUNTY NEWS, a newspaper published in the COUNTY OF WAYNE, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

Commencing on May 29, 2009

And Ending on June 5, 2009

Given under my hand this 8th day

of June 2009

Tom George

Sworn to and subscribed before me this

8th day of June

2009, at Wayne, Wayne County,

West Virginia.

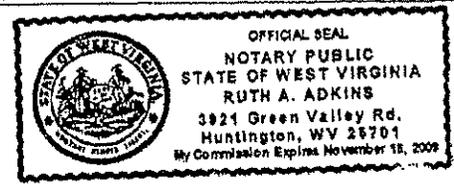
Daryl Adams
NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST VIRGINIA.

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

\$ 153.10



69

Town of Ceredo
Town Council
Special Session
May 26, 2009

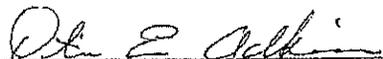
The Town of Ceredo, Town Council, met in special session on Tuesday, May 26th, 2009 at the City Hall. The meeting had been called for a Public Hearing and Second Reading of **An Ordinance Establishing and Fixing Sewer Rates, Fees and Charges of the Town of Ceredo, West Virginia.**

Those present included the Mayor, Otis E. Adkins; the Recorder, Stanley E. Fink; and Councilmen, Dennis Adkins, Jim Billups, and Steve Diamond. Bob Leslie and Joe Ratcliff were absent.

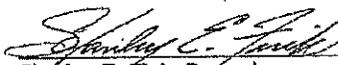
The Mayor, Otis E. Adkins, called the meeting to order at 6:00 p.m. The Mayor asked for comments and/or questions from those present. There being none, at 7:00 p.m., the Public Hearing was closed and **An Ordinance Establishing and Fixing Sewer Rates, Fees and Charges of the Town of Ceredo, West Virginia** was read on second reading.

On a motion by Jim Billups and a second by Steve Diamond, Council voted to approve the Ordinance as read on Second Reading. All were in favor, motion carried.

The meeting adjourned at 7:05 p.m.



Otis E. Adkins, Mayor



Stanley E. Fink, Recorder

Town of Ceredo
Town Council
Special Session
May 11, 2009

The Town of Ceredo, Town Council, met in Special Session on Monday, May 11th, 2009 at the City Hall. The Recorder called the meeting to order at 1:00 p.m. Those present included the Recorder, Stanley E. Fink; and Council members, Dennis Adkins, Jim Billups, Steve Diamond, Bob Leslie and Joe Ratcliff. Mayor Otis E. Adkins was absent.

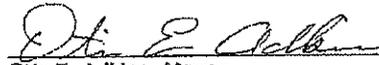
The meeting had been called for the First Reading of **An Ordinance Establishing and Fixing Sewer Rates, Fees and Charges of the Town of Ceredo, West Virginia.**

The Recorder read, on First Reading, **An Ordinance Establishing and Fixing Sewer Rates, Fees and Charges of the Town of Ceredo, West Virginia.**

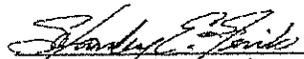
On a motion by Jim Billups and a second by Bob Leslie, Council voted to approve the Ordinance as read on First Reading. All were in favor, motion carried.

Council discussed the status of the funding application.

No further business was brought before the Council. The meeting adjourned at 1:47 p.m.



Otis E. Adkins, Mayor



Stanley E. Fink, Recorder

NOTICE OF PUBLIC HEARING ON THE TOWN OF CEREDO BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of The Town of Ceredo (the "Town") to be held on Monday, January 3, 2011, at 7:30 p.m. at the Town Hall, Ceredo, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions

shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST THEREOF NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$860,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS, AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS, APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS, AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); (ii) to fully fund the Series 2011 A Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable from the revenues derived from the System. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of The Town of Ceredo on December 6, 2010. A certified copy of the above entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

/s/ Sarah Byard
Clerk
12/22 2tc 12/29

Affidavit of Legal Publication and Posting STATE OF WEST VIRGINIA COUNTY OF WAYNE, TO-WIT:

I, Thomas J. George publisher of the **WAYNE COUNTY NEWS**, a newspaper published in the **COUNTY OF WAYNE, STATE OF WEST VIRGINIA**, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

Commencing on December 22nd 2010

And Ending on December 20th 2010

Given under my hand this 6th day

of January 20 11

Thomas J. George

Sworn to and subscribed before me this

6th day of January

20 11, at Wayne, Wayne County,

West Virginia.

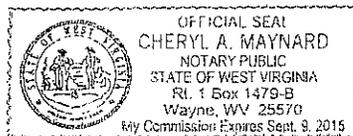
Cheryl A. Maynard
NOTARY PUBLIC

of, in and for **WAYNE COUNTY, WEST VIRGINIA.**

MY COMMISSION EXPIRES: September 9, 2015

Amount Due for Publishing Annexed Notice:

\$ 104.01



NOTICE OF PUBLIC HEARING ON THE TOWN OF CEREDO BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of The Town of Ceredo (the "Town") to be held on Monday, January 3, 2011, at 7:30 p.m. at the Town Hall, Ceredo, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions

shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$860,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); (ii) to fully fund the Series 2011 A Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable from the revenues derived from the System. No taxes may be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of The Town of Ceredo on December 6, 2010. A certified copy of the above entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.
/s/ Sarah Byard
Clerk
12/22 2tc 12/29

Ship To	Invoice #
	12/22/2010
Date	

Affidavit of Legal Publication and Posting STATE OF WEST VIRGINIA COUNTY OF WAYNE, TO-WIT:

I, Thomas J. George publisher of the WAYNE COUNTY NEWS, a newspaper published in the COUNTY OF WAYNE, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

Commencing on December 22nd 2010

And Ending on December 24th 2010

Given under my hand this 6th day of January 20 11

Thomas J. George

Sworn to and subscribed before me this

6th day of January

20 11, at Wayne, Wayne County,

West Virginia.

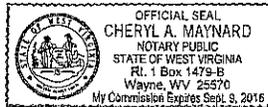
Cheryl A. Maynard
NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST VIRGINIA.

MY COMMISSION EXPIRES: September 9, 2015

Amount Due for Publishing Annexed Notice:

\$ 104.01



STEPHO & JOHNSON
CHASE TOWER, EIGHTH FL.
P.O. BOX 1588
CHARLESTON, WV 25326-1588

Phone # 304-272-3433

310 Central Avenue
Wayne, WV 25570

Wayne County Publications, Inc.

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

EXCERPT OF MINUTES ON ADOPTION OF
SUPPLEMENTAL RESOLUTION, SWEEP RESOLUTION
AND DRAW RESOLUTION

The undersigned RECORDER of The Town of Ceredo hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Town Council:

The Town Council of The Town of Ceredo met in regular session, pursuant to notice duly posted, on the 7th day of February, 2011, in Wayne County, West Virginia, at the hour of 7:30 p.m.

PRESENT:	Otis Adkins	-	Mayor
	Stanley Fink	-	Recorder
	Steve Diamond	-	Councilmember
	Joe Ratcliff	-	Councilmember
	Jim Billups	-	Councilmember
	Dennis Adkins	-	Councilmember
	Robert Leslie	-	Councilmember

Otis Adkins, Mayor, presided, and Stanley Fink, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF CEREDO; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO

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

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Joe Ratcliff and seconded by Steve Diamond, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Robert Leslie and seconded by Steve Diamond, it was unanimously ordered that the said Sweep Resolution be adopted.

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Jim Billups and seconded by Dennis Adkins, it was unanimously ordered that the said Draw Resolution be adopted.

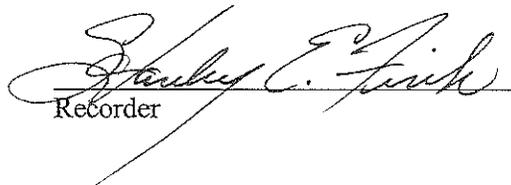
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

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

WITNESS my signature on this 2nd day of March, 2011.


Recorder

02.03.11
138840.00002

140

Town of Ceredo
Town Council
Bond Ordinance
Public Hearing
Monday, January 3, 2011

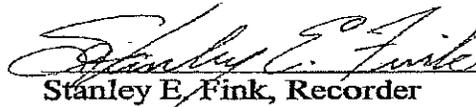
Mayor, Otis E. Adkins, called the meeting to order at 7:30 p.m. Those present included the Mayor, Otis E. Adkins; the Recorder, Stanley E. Fink; and Councilmen, Dennis Adkins, Jim Billups, Steve Diamond, Bob Leslie, and Joe Ratcliff. Also present was Anthony Caldwell of Steptoe and Johnson.

The meeting was called for public input and/or questions about the issuance of SRF Bonds for the Smith Branch Lift Station Upgrade Project.

Mayor Adkins called for questions or input from those present. There being none, the meeting was adjourned at 7:40 p.m.



Otis E. Adkins, Mayor



Stanley E. Fink, Recorder

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Town of Ceredo
Town Council
Regular Session
January 3rd, 2011

The Town of Ceredo, Town Council, met in regular session on Monday, January 3rd, 2011 at the Ceredo City Hall. The Mayor, Otis E. Adkins, called the meeting to order at 7:40 p.m. Those present included the Mayor, Otis E. Adkins; the Recorder, Stanley E. Fink; and Councilmen, Dennis Adkins, Jim Billups, Steve Diamond, Bob Leslie, and Joe Ratcliff.

Minutes and Treasurer's Report

The Recorder read the minutes of the previous meetings and the Treasurer reported on the various line items of the budget.

On a motion by Joe Ratcliff and a second by Dennis Adkins, Council voted to approve the minutes and Treasurer's report as presented. All were in favor, motion carried.

November and December Expenditure Report

Mayor Adkins reported on the expenditures for November and December 2010. The November expenditures totaled \$109,584.78. December expenditures totaled \$106,058.49.

On a motion by Dennis Adkins and a second by Steve Diamond, Council voted to approve the report as presented. All were in favor, motion carried.

Third Reading of Bond Ordinance

Mayor Adkins presented Council, on third reading, an Ordinance authorizing the issuance of not more than \$860,000 in Sewer Revenue Bonds for the Smith Branch Lift Station Upgrade.

The Mayor asked the Recorder to read the Ordinance.

THE TOWN OF CEREDO
Bond Ordinance

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$860,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

A discussion was held on the two (2) addendums: 1) Being the purchase of a new pump station for the project and 2) The use of Ductil iron pipe or PVC pipe. After discussion, the Mayor and Council decided to proceed with addendum #1 and purchase the new pump station and to use PVC pipe for the project.

Mr. Moran informed Council that Potesta would be working with the Town to compile the needed information to complete the loan application, which should be approximately \$535,000. Mr. Moran also stated he had talked with the funding agencies and cross connections could be covered in the project.

Mr. Moran gave an update on the Tri-State Airport Sewer capacity evaluation.

Region II Planning and Development

Mrs. Kathy Elliott from Region II addressed Council about the remaining allocations of the water project funds to close out the project.

Mayor Adkins advised Mrs. Elliott that information for remaining purchases for the project was in the process of being completed.

2001 Police Cruiser Sale

Mayor Adkins advised Council that Police Chief, Tony Poston, had requested the sale of the 2001 police cruiser be rescinded as the cruiser had been put back in service because of problems with another cruiser.

After discussion and on a motion by Jim Billups and a second by Joe Ratcliff, Council voted to rescind the sale of the 2001 cruiser at this time. All were in favor, motion carried.

Christopher Kitts Business License

Mayor Adkins reported on his meeting with Mr. Kitts about the type of business he would be conducting as it relates to the sale of guns.

The Mayor advised Council that the sales would come from catalogues and recommended a business license be issued.

On a motion by Jim Billups and a second by Dennis Adkins, Council voted to approve the business license for Mr. Kitts. All were in favor, motion carried.

Williams Handicap Parking on 3rd Street, East

Mayor Adkins advised Council that he had visited the area and had instructed the Street Supervisor to place a handicap sign at the residence.

Adjournment

No future business was brought before the Council. On a motion by Dennis Adkins and a second by Steve Diamond, the meeting adjourned at 8:15 p.m.



Town of Ceredo
Town Council
Regular Session
January 3rd, 2011

The Town of Ceredo, Town Council, met in regular session on Monday, January 3rd, 2011 at the Ceredo City Hall. The Mayor, Otis E. Adkins, called the meeting to order at 7:40 p.m. Those present included the Mayor, Otis E. Adkins; the Recorder, Stanley E. Ink and Councilmen, Dennis Adkins, Jim Billups, Steve Diamond, Bob Leslie, and Joe Ratcliff.

Minutes and Treasurer's Report

The Recorder read the minutes of the previous meetings and the Treasurer reported on the various line items of the budget.

On a motion by Joe Ratcliff and a second by Dennis Adkins, Council voted to approve the minutes and Treasurer's report as presented. All were in favor, motion carried.

November and December Expenditure Report

Mayor Adkins reported on the expenditures for November and December 2010. The November expenditures totaled \$109,584.78. December expenditures totaled \$106,058.49.

On a motion by Dennis Adkins and a second by Steve Diamond, Council voted to approve the report as presented. All were in favor, motion carried.

Third Reading of Bond Ordinance

Mayor Adkins presented Council, on third reading, an Ordinance authorizing the issuance of not more than \$860,000 in Sewer Revenue Bonds for the Smith Branch Lift Station Upgrade.

The Mayor asked the Recorder to read the Ordinance.

THE TOWN OF CEREDO

Bond Ordinance

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$860,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

After the reading of the Ordinance and on a motion by Joe Ratcliff and a second by Dennis Adkins, Council voted to approve the Ordinance as read on Third Reading and authorized the Mayor to sign all required documents relating to the issuance of the bonds. All were in favor, motion carried.

Potesta and Associates Report

Mr. Terence Moran, Senior Engineer for Potesta and Associates, addressed Council on the bid opening meeting.

A discussion was held on the two (2) addendums: 1) Being the purchase of a new pump station for the project and 2) The use of Ductil iron pipe or PVC pipe. After discussion, the Mayor and Council decided to proceed with addendum #1 and purchase the new pump station and to use PVC pipe for the project.

Mr. Moran informed Council that Potesta would be working with the Town to compile the needed information to complete the loan application, which should be approximately \$535,000. Mr. Moran also stated he had talked with the funding agencies and cross connections could be covered in the project.

Mr. Moran gave an update on the Tri-State Airport Sewer capacity evaluation.

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Mrs. Kathy Elliott from Region II addressed Council about the remaining allocations of the water project funds to close out the project.

Mayor Adkins advised Mrs. Elliott that information for remaining purchases for the project was in the process of being completed.

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After discussion and on a motion by Jim Billups and a second by Joe Ratcliff, Council voted to rescind the sale of the 2001 cruiser at this time. All were in favor, motion carried.

Christopher Kitts Business License

Mayor Adkins reported on his meeting with Mr. Kitts about the type of business he would be conducting as it relates to the sale of guns.

The Mayor advised Council that the sales would come from catalogues and recommended a business license be issued.

On a motion by Jim Billups and a second by Dennis Adkins, Council voted to approve the business license for Mr. Kitts. All were in favor, motion carried.

Williams Handicap Parking on 3rd Street, East

Mayor Adkins advised Council that he had visited the area and had instructed the street Supervisor to place a handicap sign at the residence.

Adjournment

No future business was brought before the Council. On a motion by Dennis Adkins and a second by Steve Diamond, the meeting adjourned at 8:15 p.m.

Otis E. Adkins, Mayor

Stanley E. Fink, Recorder

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Town of Ceredo
Town Council
Regular Session
December 6th, 2010

The Town of Ceredo Town Council met in regular session on Monday, December 6th, 2010 at the City Hall. The Mayor, Otis E. Adkins, called the meeting to order at 7:30 p.m. Those present included the Mayor, Otis E. Adkins; the Recorder, Stanley E. Fink; and Councilmen, Dennis Adkins, Jim Billups, Steve Diamond, Bob Leslie and Joe Ratcliff.

Minutes and Treasurers Report

The Recorder read the minutes of the previous meetings and the Treasurer reported on the various line items of the budget.

On a motion by Dennis Adkins and a second by Steve Diamond, Council voted to approve the minutes and treasurer's report as presented. All were in favor, motion carried.

Ramsdell House Recognition

The Mayor, Otis E. Adkins, addressed those present by giving an overview of the history of the Ramsdell House and the connection with the Hoard and Stark Families. He expounded on the growth in the Town and the Tri-State area because of the vision and entrepreneurial investments by Mr. Floyd Stark and Mr. Dan Ferguson.

The Mayor spoke of the donation of the Ramsdell House and property to the Town by Mr. Stark and Mr. Ferguson, which was done in an effort to preserve a major landmark in the history of Ceredo.

Mayor Adkins presented a plaque acknowledging the donation of the Ramsdell House and property by Floyd Stark and Dan Ferguson to the Town and asked for a motion by Council to place the plaque on the House.

On a motion by Bob Leslie and a second by Steve Diamond, Council voted to place the plaque recognizing Mr. Stark and Mr. Ferguson for the donation to the Town of the Ramsdell House. All were in favor, motion carried.

Mayor Adkins then presented the plaque to Mr. Dan Ferguson and Mrs. Marcella Stark, widow of Floyd Stark.

Mr. Dan Ferguson expressed his appreciation of Mr. Stark allowing him to participate in the advancements of the Town.

C-K Community Center Board Presentation

Mr. Larry Moore presented the Mayor and Council with a Certificate of Award from the Governor's Community Participation Grant Program. With assistance from Senator Bob Plymale and Governor Joe Manchin the Town was granted \$15,000.

Mr. Moore thanked the Mayor and Council for their support of the Community Center and the major upgrades that had been completed.

On behalf of himself and the Council, Mayor Adkins thanked Mr. Moore for the Award and the work the Board was doing at the Center.

Carla Williams, 325 3rd Street, East

Ms. Carla Williams approached Council asking for a designated handicap parking space in front of her home at 325 3rd Street, East.

After discussion on the request, Mayor Adkins advised Mrs. Williams he and Council would review the request and notify her of the decision.

136

C-K AutumnFest Board

Mrs. Arisba Fink, as the Town's representative on the C-K AutumnFest Board, presented Council with a report, which outlined the success of the 2010 Festival and the benefits recognized by the two (2) communities.

Mrs. Fink also discussed the makeup of the Board of Directors and the appointment process. Mayor Adkins asked Mrs. Fink to remain on the Board as the Town's representative. See attached report.

Potesta and Associates Report

Mr. Terence Moran, Senior Engineer for Potesta, reported on the pre-bid meeting for the Smith Branch Lift Station Upgrade Project. He informed Council that preparations were being made for the bid opening to be held Friday, December 10th at 1:30 p.m. in the Ceredo City Hall Council Chambers.

Mr. Moran also advised the purchase of the valve exerciser had been approved for the water project.

Christopher Kitts, 258 2nd Street, West

Mayor Adkins presented Council with an application for a business license from Mr. Christopher Kitts. The license would be for the repair of firearms.

After a discussion on the activity that would take place at the residence and a recommendation by Mayor Adkins, Council tabled the application until further information could be attained on the matter.

Second Reading of Bond Ordinance

Mayor Adkins presented, for Second Reading, an Ordinance allowing for the issuance of not more than \$860,000 in Sewer Revenue Bonds, Series 2011 A for the Smith Branch Lift Station upgrade.

The Mayor advised Council the larger amount stated in the Ordinance was to allow for covering a larger need for funding if the bids come in higher than projected.

Mayor Adkins asked the Recorder to read the Bond Ordinance:

THE TOWN OF CEREDO**Bond Ordinance**

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$860,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

On a motion by Jim Billups and a second by Dennis Adkins, Council voted approve the Ordinance as read on second reading. All were in favor, motion carried.

135

Sewer Board Appointment

Mayor Adkins addressed Council about the requirement of an engineer being appointed to the Sewer Board to permit the issuance of the bonds for the Smith Branch project. The Mayor recommended appointing Mr. Earl D. Bevins to the Sewer Board to meet the requirement.

On a motion by Steve Diamond and a second by Dennis Adkins, Council voted to appoint Mr. Earl D. Bevins to the Sewer Board. All were in favor, motion carried.

Sale of Police Cruiser

Mayor Adkins addressed Council about the sale of the 2001 police cruiser with 110,295 miles. The Mayor advised Council he had contacted an automotive dealer regarding a minimum price for the vehicle, who suggested a \$1,000 minimum bid be required.

On a motion by Bob Leslie and a second by Jim Billups, Council voted to sale the 2001 Crown Victoria for a minimum bid of \$1,000 and authorized Mayor Adkins to sign the necessary paperwork for the sale. All were in favor, motion carried.

American Legion Post 93

Mayor Adkins read a letter from the American Legion Post 93 asking if the Town could make a donation for the 2010 Christmas Children's program. Mayor Adkins recommended Council donate \$300 to help with the program.

On a motion by Steve Diamond and a second by Joe Ratcliff, Council voted to donate \$300 to the American Legion Post 93 for their 2010 Children's Christmas Program. All were in favor, motion carried.

2010 Employee Longevity Pay

Mayor Adkins discussed with Council the inclusion of Municipal Judge, Charles A. Hughes, in the longevity pay.

After discussion and on a motion by Jim Billups and a second by Dennis Adkins, Council voted to include Judge Hughes in the longevity pay. All were in favor, motion carried.

Mayor Adkins presented, for Council's review, the employee longevity pay schedule. After review and on a motion by Jim Billups and a second by Steve Diamond, Council voted to approve the employees' longevity pay for 2010 as presented. All were in favor, motion carried.

It was noted elected officials do not receive longevity pay.

Ramsdell House

Councilman, Joe Ratcliff, reported the grant money had not arrived and asked Council to allocate \$528 to pay the insurance on the Ramsdell House.

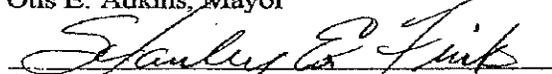
On a motion by Bob Leslie and a second by Dennis Adkins, Council voted to allocate \$528 to the Ramsdell House Committee for the insurance payment. All were in favor, motion carried.

Adjournment

No further business was brought before the Council. On a motion by Dennis Adkins and a second by Joe Ratcliff, the meeting was adjourned at 8:50 p.m. All were in favor, motion carried.



Otis E. Adkins, Mayor



Stanley E. Fink, Recorder

Town of Ceredo
Town Council
Regular Session
November 1, 2010

132

The Town of Ceredo Town Council met in regular session on Monday, November 1st, 2010 at the City Hall. The Mayor, Otis E. Adkins, called the meeting to order at 7:30 p.m. Those present included the Mayor, Otis E. Adkins; the Recorder, Stanley E. Fink; and Councilmen, Dennis Adkins, Jim Billups, Steve Diamond, Bob Leslie and Joe Ratchiff.

Minutes and Treasurer's Report

The Recorder read the minutes of the previous meeting and the Treasurer reported on the various line items of the budget. On a motion by Steve Diamond and a second by Dennis Adkins, Council voted to accept the minutes and treasurer's report as presented. All were in favor, motion carried.

October Expenditure Report

Mayor Adkins gave a report on the October expenditures in the amount of \$93,720.93.

On a motion by Dennis Adkins and a second by Bob Leslie, Council voted to approve the report as presented. All were in favor, motion carried.

C-K AutumnFest Report

Mr. Ed Layman, President of the C-K AutumnFest Board, addressed the Mayor and Council on the success of the first C-K AutumnFest. He thanked the Mayor and Council for their support and expressed how much they were looking forward to 2011.

Good Samaritan Center

Mr. Tom Knopp from the Good Samaritan Center gave an update on the activities at the center. Mr. Knopp addressed the increasing need because of the economy and asked if the Town could make a donation to the Center to help meet the need.

The Mayor advised Mr. Knopp the Town had also experienced a decline in revenue, but recommended donating \$1,500 to the Center.

On a motion by Bob Leslie and a second by Dennis Adkins, Council voted to approve donation of \$1,500 to the Good Samaritan Center. All were in favor, motion carried.

Potesta and Associates Report

Mr. Terence Moran, Senior Engineer for Potesta and Associates, addressed the Mayor and Council about the remaining items needing to be addressed to close the water project funded through the Drinking Water Treatment and Revolving Fund (DWTRF).

Mr. Moran advised the best way he felt to address the matter of invoicing and expediting the remaining funds for the project would be to invoice for goods and expenses in the amount of \$22,000 to DWTRF, of which the Town would be reimbursed \$12,000.

Smith Branch Sewer Upgrade Project

Mr. Moran reported on conversations with the D.E.P. on possible funding from grants and was informed the chance of grant monies being available for the project would be slim at best.

A discussion was held on the language for bid documents and the requirement that a registered, professional engineer be appointed to the Sewer Board to comply with the Public Service Commission mandates to receive bonding for the project.

Also discussed was the publication of the pre-bid meeting for the project to be held November 19th, 2010 at 1:30 p.m. at the City Hall in the Council Chambers.

Tri-State Airport Project

Discussion was held on the status of the capacity study being done on the Airport Water System. Mr. Moran advised it might require placing a chart recorder on the system to obtain the information needed to complete the project.

First Reading of Bond Ordinance

131

Mayor Adkins presented, for First Reading, an Ordinance allowing for the issuance of not more than \$860,000 in Sewer Revenue Bonds, Series 2011 A for the Smith Branch Lift Station upgrade.

The Mayor advised Council the larger amount stated in the Ordinance was to allow for covering a larger need for funding if the bids come in higher than projected.

Mayor Adkins asked the Recorder to read the Bond Ordinance.

THE TOWN OF CEREDO
Bond Ordinance

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$860,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

On a motion by Jim Billups and a second by Dennis Adkins, Council voted to approve the Ordinance as read on First Reading. All were in favor, motion carried.

Mayor Adkins set December 6th, 2010 at the regular stated meeting for the Second Reading of the Ordinance and the Public Hearing and Third Reading to be held January 3rd, 2011 at the regular stated meeting.

Ramsdell House Report

Councilman Joe Ratcliff, Chairman of the Ramsdell House Committee, reported he had contacted Senator Plymale about the \$5,000 grant and was told everything had been submitted and approved. Mr. Plymale further indicated the funds were supposed to be available and that he would check on the status of this for the Ramsdell House.

Mr. Ratcliff also reported on the paranormal readings conducted at the House during the AutumnFest, which were attended by close to 100 people. Because of the paranormal interest, the committee was looking into hosting other activities of this nature in the near future.

Floodwall Sluice Gate Inspections

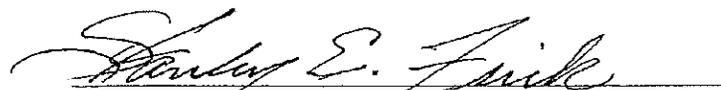
Mayor Adkins reported on the sluice gate inspection. The reason for the inspection was to address an unacceptable rating given by a contractor, who had performed the test for the Cop of Engineers.

- The U. S. Corps of Engineers conducted the test and Dave Humphreys, District Engineer, observed the test. The gate worked flawlessly and was given an acceptable rating.

Adjournment

No further business was brought before the Council. On a motion by Dennis Adkins and a second by Jim Billups, the meeting adjourned at 8:45 p.m. All were in favor.


Otis E. Adkins, Mayor


Stanley E. Fink, Recorder

WV MUNICIPAL BOND COMMISSION

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

NEW ISSUE REPORT FORM

Date of Report: 3/2/2011

ISSUE: <u>The Town of Ceredo</u> <u>Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program)</u>	
ADDRESS: <u>700 B Street, PO Box 691, Ceredo, WV 25507</u>	COUNTY: <u>Wayne</u>
PURPOSE OF ISSUE: New Money: <u>X</u> Refunding: _____	
ISSUE DATE: <u>3/2/2011</u>	REFUNDS ISSUE(S) DATED: <u>NA</u>
ISSUE AMOUNT: <u>\$534,900</u>	CLOSING DATE: <u>3/2/2011</u>
1ST DEBT SERVICE DUE: <u>6/1/2012</u>	RATE: <u>0%; Administrative Fee .5%</u>
1ST DEBT SERVICE AMOUNT <u>\$3,429.00</u>	1ST PRINCIPAL DUE <u>6/1/2012</u>
	PAYING AGENT: <u>Municipal Bond Commission</u>
BOND COUNSEL: Firm: <u>Steptoe & Johnson PLLC</u> Contact <u>John Stump, Esquire</u> Phone: <u>(304) 353.8196</u>	
UNDERWRITERS COUNSEL Firm: <u>Jackson Kelly, PLLC</u> Contact: <u>Samme Gee, Esquire</u> Phone: <u>(304) 340-1318</u>	
CLOSING BANK: Bank: <u>United Bank, Inc.</u> Contact: <u>Karen Ferguson</u> Phone: <u>304.781.2404</u>	
ESCROW TRUSTEE: Firm: _____ Contact: _____ Phone: _____	
KNOWLEDGEABLE ISSUER CONTACT Contact: <u>Stanley Fink</u> Position: <u>Recorder</u> Phone: <u>(304) 453-1041</u>	
OTHER: Agency: <u>W.V. Department of Environmental Protection</u> Contact: <u>Rosalie Brodersen</u> Position: <u>Program Manager</u> Phone: <u>(304) 926.0499 (ext. 1608)</u>	
DEPOSITS TO MBC AT CLOSE By: _____ Wire _____ _____ Check _____	
Accrued Interest: \$ _____ Capitalized Interest: \$ _____ Reserve Account: \$ _____ Other: \$ _____	
REFUNDS & TRANSFERS BY MBC AT CLOSE By: _____ Wire _____ _____ Check _____ _____ IGT _____	
To Escrow Trustee \$ _____ To Issuer \$ _____ To Cons. Invest. Fun: \$ _____ To Other: _____ \$ _____	
NOTES: <u>The Series 2011 A Bonds Reserve Account will be funded over 10 years.</u> _____ _____	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: _____ TRANSFERS REQUIRED: _____ _____	

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

United Bank, Inc., Ceredo, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The Town of Ceredo (the "Issuer") enacted by the Issuer on January 3, 2011, and a Supplemental Resolution adopted by the Issuer on February 7, 2011 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated March 2, 2011, issued in the original aggregate principal amount of \$534,900 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 2nd day of March, 2011.

UNITED BANK, INC.

By:


Its: Authorized Officer

138840.00002

CH5218877

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The Town of Ceredo Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), dated March 2, 2011, in the aggregate principal amount of \$534,900 (the "Series 2011 A Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2011 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2011 A Bonds.

WITNESS my signature on this 2nd day of March, 2011.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

02.01.11
138840.00002

THE TOWN OF CEREDO

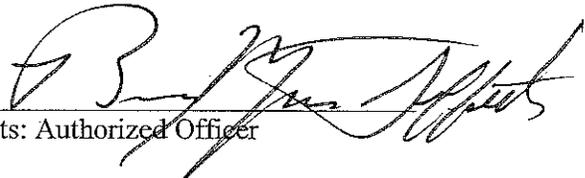
Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The Town of Ceredo (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), of the Issuer, dated March 2, 2011, in the principal amount of \$534,900, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 2nd day of March, 2011.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

02.01.11
138840.00002

THE TOWN OF CEREDO

Sewer Revenue Bonds, Series 2011 A
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 2nd day of March, 2011, by and between The Town of Ceredo, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$534,900 Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted January 3, 2011, and a Supplemental Resolution of the Issuer duly adopted February 7, 2011 (collectively, the "Bond Legislation");

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

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

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

NOW, THEREFORE, it is agreed by and between the parties hereto as follows: Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally

accepted industry standards.

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

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

As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: The Town of Ceredo
 700 B Street
 Ceredo, West Virginia 25507
 Attention: Mayor

REGISTRAR: The Huntington National Bank
 One Huntington Square
 Charleston, West Virginia 25301
 Attention: Corporate Trust Department

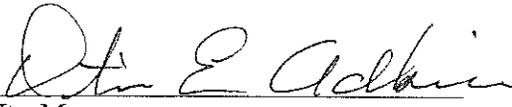
The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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

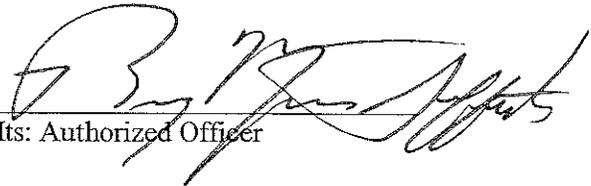
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IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

THE TOWN OF CEREDO

By: 
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

02.03.11
138840.00002

CH5218917

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES
Invoice Date March 2, 2011

The Town of Ceredo
Account Number 6089001809

The Town of Ceredo
Sewer Revenue Bonds, Series 2011 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR March, 2011

TOTAL AMOUNT	\$ 500.00
TOTAL DUE	<u>\$ 500.00</u>

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

0101-07-0312-007



west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Joe Manchin III, Governor
Randy C. Huffman, Cabinet Secretary
www.wvdep.org

January 26, 2010

Otis Adkins, Mayor
Town of Ceredo
P. O. Box 691
Ceredo, WV 25507

RE: Town of Ceredo
Smith Branch Road Lift Station Upgrade
Plans and Specifications Approval
SRF No. C-544179

Dear Mayor Adkins:

The plans and specifications for the above referenced project are hereby approved.

This approval DOES NOT constitute authority to advertise for bids. You will be advised by separate letter from this agency as to when such an advertisement can be initiated.

Please be advised it will be necessary to issue an addendum to the contract documents prior to opening of bids to include the current State and Federal Labor Wage Determinations. This and all addenda and revisions to the contract documents must be telefaxed to this office for approval and issued to plan holders five (5) days prior to bid opening. Failure to submit addenda in a timely manner will automatically nullify approval to open bids. Any addenda issued inside the five (5) day period prior to the bid opening must include an automatic extension to the bid opening date of a minimum of seven (7) days.

If any questions arise, please contact David Byrd at (304) 926-0499, ext.1593.

Sincerely,

Mike Johnson, P. E.
Program Manager
Clean Water SRF Program

MJ/db

cc: Terrence Moran, P.E., Potesta & Associates, INC. ✓

TCA

Promoting a healthy environment.

RECEIVED

FEB 02 2010

OWR Permit Details

(1)OWR Permit		
PERMITTEE	CEREDO TOWN OF	
DEP OFFICE	OWR	
PERMIT ID	WV0021873	
ISSUE/REISSUE DATE	03/16/10	
EXPIRATION DATE	03/15/15	
FACILITY NAME	CEREDO CITY OF	
DESCRIPTION		
No. of CUSTOMERS	700	
DISTURBED ACRES		
SLUDGE TONNAGE		
DESIGN FLOW(MGD)	0.075000	
AVERAGE FLOW(MGD)		
MAJOR FACILITY	N	
EXTENSION DATE		
(1) County / Quad		
County: Wayne	Quad: CATLETTSBURG	
(3) Inspectable Units		
INSPECTABLE UNIT CODE	TYPE	
ENTIRE	Entire Default	
001	Outlet	
002	Outlet	
(3) Permit Geography		
INSPECTABLE UNIT CODE:	001	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 24'3.0000"	
LONGITUDE:	82° 33'36.0000"	
COUNTY:	Wayne	
INSPECTABLE UNIT CODE:	002	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 24'3.0000"	
LONGITUDE:	82° 33'36.0000"	
COUNTY:	Wayne	
INSPECTABLE UNIT CODE:	ENTIRE	Show Map

MAGISTERIAL DIST:	
NEAREST POST OFFICE:	
LATITUDE:	38° 24'3.0000"
LONGITUDE:	82° 33'36.0000"
COUNTY:	Wayne

CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: March 2, 2011
Re: The Town of Ceredo Sewer Revenue Bonds, Series 2011 A (West Virginia SRF Program)

1. DISBURSEMENTS TO THE TOWN OF CEREDO

Payor: West Virginia Department of Environmental Protection
Source: Series 2011 A Bonds Proceeds
Amount: \$39,100
Form: Wire
Payee: The Town of Ceredo, 700 B Street, PO Box 691, Ceredo, WV 25507
ABA #: 051900395
Account #: 0063342075
Bank: United Bank, Inc., 555 C Street, Ceredo, WV 25507
Contact: Karen Ferguson 304.781.2401
Account: Series 2011 A Bonds Construction Trust Fund

02.11.11
138840.00002

SWEEP RESOLUTION

WHEREAS, The Town of Ceredo (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

- 1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) Mayor and Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 7th day of February, 2011.



Mayor