

\$1,505,000  
Town of Chapmanville  
Combined Waterworks and Sewerage System Revenue Bonds,  
Series 2014 A  
(West Virginia DWTRF Program)

Closing Date: May 22, 2014



TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

Closing Date: May 22, 2014

TRANSCRIPT OF PROCEEDINGS

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State of West Virginia  
 WATER DEVELOPMENT AUTHORITY  
 1009 Bullitt Street, Charleston, WV 25301  
 (304)414-6500 - (304)414-0865 (Fax)  
 Internet: [www.wvda.org](http://www.wvda.org) - Email: [contact@wvda.org](mailto:contact@wvda.org)

Date 5/16/14 Time 11:30 LGA Town of Chapmanville Program DWTRF

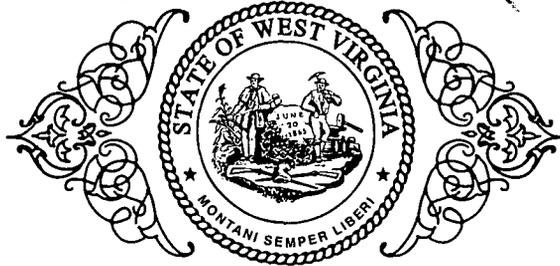
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The Authority requests that they following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.)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

Name Cara Pritchard Telephone 304-855-3227 E-Mail Cvillewater@scadenlink.net  
 Address P.O. Box 426, Chapmanville, WV 25508

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.

# State of West Virginia



## Certificate

*I, Natalie E. Tennant, Secretary of State of the  
State of West Virginia, hereby certify that*

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST  
VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



*Given under my hand and the  
Great Seal of the State of  
West Virginia on  
May 14, 2014*

*Natalie E. Tennant*  
Secretary of State

## ARTICLE 20

### COMBINED SYSTEMS

#### Part I—Combined Waterworks and Sewerage Systems Authorized; Definitions.

##### Section

- 8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.
- 8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.
- 8-20-1b. Cooperation with other governmental units.
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- 8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.
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- 8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.
- 8-20-11. Discontinuance of water service for nonpayment of rates or charges.
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- 8-20-12. Use of revenues; sinking fund.
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- 8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

#### Part IV—Grants, Loans and Advances; Cumulative Authority.

- 8-20-16. Grants, loans and advances.
- 8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

#### Part V—Operation by Board; Construction.

- 8-20-18. Alternative procedure for acquisition, construction, etc., of combined system.
- 8-20-19. Article to be liberally construed.

**PART I—COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS****§ 8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions**

Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks and sewerage system either wholly within or partly within and partly without the corporate limits thereof, under the provisions of this article, and any municipality owning and operating either a waterworks or a sewerage system, but not both, may acquire, construct, establish and equip the waterworks or sewerage system which it does not then own and operate, and in either of such cases such municipality may provide by ordinance that when such waterworks or sewerage system, or both, shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system and an existing sewerage system may by ordinance combine the same into a single undertaking under the provisions of this article.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, and may finance the acquisition, construction, establishment and equipment of any such waterworks or sewerage system, or both, or the construction of extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of such combined waterworks and sewerage system, or both, by the issuance of revenue bonds under the provisions of this article.

Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with the water or sewer services and facilities, or both, of its combined waterworks and sewerage system: Provided, That such water or sewer services and facilities shall not be served or supplied within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system; the term "sewerage system" shall be construed to mean and include any or all of the following: A sewage treatment plant or plants, collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, conve-

nient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes; and the term "combined waterworks and sewerage system" shall be construed to mean and include a waterworks and sewerage system, which a municipality determines by ordinance to operate in combination.

Acts 1939, c. 98, §§ 1, 2; Acts 1947, c. 112; Acts 1955, c. 131; Acts 1969, c. 86.

#### Cross References

County commissions, waterworks, see § 7-1-3a.

Creation by charter provision of certain independent city boards, home rule powers for cities, see § 8-12-3.

General powers of every municipality and its governing body, see § 8-12-5.

Sewage, stormwater systems, see § 16-13-1.

#### Administrative Code References

Water rationing, emergency, see W. Va. Code St. R. § 150-20-2.

#### Library References

Municipal Corporations ⇨708.

Water Law ⇨1869.

Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

#### United States Code Annotated

Transfer to municipal corporations, federal works supplying water, see 43 U.S.C.A. § 499b.

#### Notes of Decisions

##### New and annexed tracts 1

##### 1. New and annexed tracts

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16-13A-8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇨ 712(1); Water Law ⇨ 2037

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district,

and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16-13A-8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇨ 712(1); Water Law ⇨ 2037; Water Law ⇨ 2110

Awarding sewer and water service rights in newly developed tract to city, rather than to sewer and water districts, could reasonably be expected to provide appropriate protection to the relevant public interests, both existing and foreseeable. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇨ 712(1); Water Law ⇨ 2037

#### § 8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions

(a) Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system either wholly within or partly within and partly without the corporate limits thereof under the provisions of this article, and any municipali-

ty owning and operating a waterworks and sewerage system, but not a stormwater system, may acquire, construct, establish and equip the stormwater system which it does not then own and operate, and such municipality may provide by ordinance that when such stormwater system shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system, sewerage system, and stormwater system, may by ordinance combine the same into a single undertaking under the provisions of this article. However, no municipality may acquire, construct, establish and equip or thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(b) Any municipality which has combined its waterworks, sewerage system and stormwater systems under the provisions of this article, or pursuant to the provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to any of the systems, any combination thereof, or all of the waterworks, sewerage and stormwater systems of said combined waterworks, sewerage and stormwater system, and may finance the acquisition, construction, establishment and equipment thereof, or the construction or extensions, additions, betterments and improvements thereof by the issuance of revenue bonds under the provisions of this article.

(c) Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with either the water, sewer or stormwater services, any combination of such services or all such services, of its combined waterworks, sewerage and stormwater system; provided that such water, sewer or stormwater services and facilities shall not be served or supplied within the corporate limits of any municipality without the consent of the governing body of such municipality: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) As used in this article, the following terms shall have the following meanings unless the text clearly indicates otherwise.

(1) "Stormwater system" means a stormwater system in its entirety or any integral part thereof used to collect and dispose of stormwater and an associated stormwater management program. It includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet, including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage ways, easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations. The term

“stormwater system” shall not include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(2) “Combined waterworks, sewerage and stormwater system” means a waterworks, sewerage and stormwater system which a municipality determines by ordinance to operate in combination.

(3) “Combined system” means either a combined waterworks, sewerage and stormwater system, or a combined waterworks and sewerage system.

(4) “Stormwater management program” means those activities associated with the management, operation and maintenance and control of stormwater and stormwater systems, and shall include and not be limited to public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law. The term “stormwater management program” shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1976, c. 83; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations Ⓒ708.  
Water Law Ⓒ1869.  
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to  
1536.

**§ 8-20-1b. Cooperation with other governmental units**

In carrying out any lawful purpose prescribed by this article, any municipality may, in the exercise of its powers, duties and responsibilities, cooperate or join with the state of West Virginia or any political subdivision, agency, board, commission, office or department thereof, however designated, or with the United States of America or any agency or department thereof.

Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**§ 8-20-1c. Severance of combined system**

Any municipality which has combined its waterworks and sewerage systems or waterworks, sewerage and stormwater systems, under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined system into separate systems.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined system, or any part thereof, are outstanding, then the municipality must provide in said ordinance that the severance of the combined system is not effective until all such outstanding revenue bonds or

notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of the committee, board or commission, and the creation of other committees, boards or commissions as may be required by law.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations	§ 708.	C.J.S. Municipal Corporations	§§ 1535 to
Water Law	§ 1869.		1536.
Westlaw Topic Nos.	268, 405.		

**PART II—RIGHT OF EMINENT DOMAIN**

**§ 8-20-2. Right of eminent domain; limitations**

For the purpose of acquiring, constructing, establishing or extending any system within a combined system, or a combined system, or for the purpose of constructing any additions, betterments or improvements to any system within a combined system, or a combined system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any system within a combined system, or combined system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system may not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of the municipality a municipal waterworks system or a combined system under the provisions of this article to supply service in competition with an

existing privately or municipally owned waterworks system or combined system in the municipality or within the proposed extension of the system, unless, except in the case of a stormwater system, a certificate of public convenience and necessity therefor shall have been issued by the public service commission: Provided, however, that the power of eminent domain provided in this section shall not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways. Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

#### Library References

Eminent Domain Ⓒ28, 32.

Westlaw Topic No. 148.

C.J.S. Eminent Domain §§ 35, 40 to 41.

### PART III—REVENUE BOND FINANCING

#### § 8-20-3. Ordinance describing project; contents

The governing body of any municipality availing itself of the provisions of this article shall adopt an ordinance describing in a general way the contemplated project. If it is intended to include in the combined system any existing waterworks system or any existing sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall provide that it or they be so included in the combined system and shall describe in a general way such existing waterworks or sewerage system or both, or, if applicable, any existing stormwater system, or any of them, or all of them, to be included in the combined system. The ordinance shall state the means provided for refunding any obligations unpaid and outstanding payable solely from the revenues of any such waterworks or sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them. The ordinance shall determine the period of usefulness of the contemplated project.

If it is intended to acquire, construct, establish and equip a combined system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of the combined system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall describe in a general way the works or property or system to be acquired, constructed, established or equipped or the extensions, additions, betterments and improvements to be constructed.

The ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with the bonds considered advisable. The ordinance may state that the bonds, or such ones thereof as may be specified, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to principal and

interest and the security thereof, to such other bonds as are designated in the ordinance.

Acts 1939, c. 98, § 4; Acts 1947, c. 112; Acts 1949, c. 91; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations ⇨300.  
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 991 to 1007.

**§ 8-20-4. Publication of abstract of ordinance and notice; hearing**

After the ordinance for any project under the provisions of this article has been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be such municipality. The notice to be published with said abstract of the ordinance shall state that said ordinance has been adopted, that the municipality contemplates the issuance of the bonds described in the ordinance, that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication of such abstract and notice, and present protests and that a certified copy of the ordinance is on file with the governing body for review by interested parties during the office hours of the governing body: At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of said governing body assent thereto.

Acts 1939, c. 98, § 5; Acts 1947, c. 112; Acts 1967, c. 105; Acts 1969, c. 86; Acts 1971, c. 103; Acts 1981, 1st Ex. Sess., c. 2.

**Library References**

Municipal Corporations ⇨294(7).  
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 979, 981.

**§ 8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds**

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any system within a combined system, or a combined system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to any of the systems of said combined system, or all of them, any such municipality may issue revenue bonds under the provisions of this article.

All such bonds may be authorized, issued and sold pursuant to ordinance in installments at different times or an entire issue or series may be sold at one time. Such bonds shall bear interest at a rate not to exceed twelve percent per annum, payable at such times, and shall mature within the period of usefulness of the project involved, to be determined by the governing body and in any event within a period of not more than forty years. The bonds may be in denomination or denominations, may be in such form, either coupon or registered, may carry registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment, at such place or places, may be subject to terms of redemption, with or without a premium, may be declared to become due before the maturity date thereof, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, may be authenticated in such manner and upon compliance with such conditions, and may contain other terms and covenants, as may be provided by ordinance of the governing body of the municipality. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

The bonds and the interest thereon, together with all properties and facilities of the municipality owned or used in connection with the combined system, and all the moneys, revenues and other income of such municipality derived from the combined system shall be exempt from all taxation by this state or any county, municipality, political subdivision or agency thereof. Bonds may be sold in such manner as the governing body shall determine. If any bonds shall be issued to bear interest at a rate of twelve percent per annum, the price at which they may be sold shall be such that the interest cost to the municipality of the proceeds of the bonds may not exceed thirteen percent per annum computed to maturity according to the standard table of bond values.

If the governing body of the municipality determines to sell any revenue bonds of such combined system for refunding purposes, the proceeds of the bonds shall be deposited at the place of payment of the bonds, obligations or securities being refunded thereby.

In case any officer whose signature appears on the bonds or coupons attached thereto shall cease to be such officer before the delivery of the bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes, with the same effect as if he or she had remained in office until the delivery of the bonds. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. The bonds shall have all the qualities of negotiable instruments under the laws of this state.

Whenever a waterworks and sewerage system or stormwater system, if applicable, is included in a combined system under the provisions of this article and there are unpaid and outstanding revenue bonds or any other obligations or securities previously issued which are payable solely from the revenues of the waterworks or the sewerage system or stormwater system, if applicable, or any part thereof, such outstanding bonds, obligations or securities may be

refunded by the issuance and sale or exchange therefor of revenue bonds to be issued under the provisions of this article.

Whenever any outstanding bonds, obligations or securities previously issued which are payable solely from the revenues of any waterworks or sewerage system, or stormwater system, if applicable, included in a combined system under the provisions of this article are refunded and the refunding is to be accomplished by exchange, such outstanding bonds, obligations or securities shall be surrendered and exchanged for revenue bonds of such combined system of a total principal amount which shall not be more and may be less than the principal amount of the bonds, obligations or securities surrendered and exchanged plus the interest to accrue thereon to the date of surrender and exchange, and if the refunding is to be accomplished through the sale of revenue bonds of such combined system the total principal amount of such revenue bonds which may be sold for refunding purposes shall not exceed the principal amount of the bonds, obligations or securities being refunded plus the interest to accrue thereon to the retirement date or the next succeeding interest payment date, whichever date may be earlier.

Provision may be made that each bond to be exchanged for refunding bonds shall be kept intact and shall not be canceled or destroyed until the refunding bonds, and interest thereon, have been finally paid and discharged, but each bond shall be stamped with a legend to the effect that the same has been refunded pursuant to the provisions of this article.

Acts 1939, c. 98, § 3; Acts 1947, c. 112; Acts 1957, c. 123; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations ¶911, 922.	C.J.S. Municipal Corporations §§ 1647 to 1649, 1684 to 1693, 1697 to 1698.
Taxation ¶2316.	C.J.S. Taxation § 304.
Westlaw Topic Nos. 268, 371.	

**§ 8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness**

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from the combined system, and the bonds may not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of the municipality within any constitutional or statutory provision or limitation. The ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be considered necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued.

Acts 1939, c. 98, § 6; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

## Library References

Municipal Corporations Ⓒ950(15).  
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to  
1709.

**§ 8-20-7. Lien of bondholders**

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined system which shall exist in favor of the holder of bonds hereby authorized to be issued, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such combined system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds. However, no lien may attach to any portion of any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

Any municipality in acquiring an existing waterworks system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section five hereof. Any revenue bonds so issued in payment for an existing waterworks system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired; and the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

## Library References

Municipal Corporations Ⓒ950(15).  
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to  
1709.

**§ 8-20-8. Covenants with bondholders**

Any ordinance authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company, within or without the state, for the security of said bonds, which any municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of the bonds as to:

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

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined system, including any part thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for reserve or other funds as may be considered necessary or desirable;

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

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

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

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

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

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

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

Any ordinance or trust indenture may also contain other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued under the provisions of this article, notwithstanding that other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and

authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the constitution of this state. Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations Ⓒ950(15). C.J.S. Municipal Corporations §§.1708 to Westlaw Topic No. 268. 1709.

**§ 8-20-9. Operating contract**

Any municipality may enter into contracts or agreements with any persons for: (1) The repair, maintenance and operation and management of the facilities and properties of the combined system, or any part thereof; or (2) the collection and disbursement of the income and revenues thereof, or for both (1) and (2), for the period of time and under terms and conditions as shall be agreed upon between the municipality and such persons. Any municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing the bonds, that the contracts or agreements shall be valid and binding upon the municipality as long as any of the bonds, or interest thereon, is outstanding and unpaid. Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations Ⓒ708. C.J.S. Municipal Corporations §§ 1535 to Water Law Ⓒ1879. 1536. Westlaw Topic Nos. 268, 405.

**§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure**

(a)(1) The governing body of a municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all necessary rules for the repair, maintenance, operation and management of the combined system of the municipality and for the use thereof. The governing body of a municipality also has the plenary power and authority to make, enact and enforce all necessary rules and ordinances for the care and protection of any such system for the health, comfort and convenience of the public, to provide a clean water supply, to provide properly treated sewage insofar as it is reasonably possible to do and, if applicable, to properly collecting and controlling the stormwater as is reasonably possible to do: *Provided*, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or storm water facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) A municipality has the plenary power and authority to charge the users for the use and service of a combined system and to establish required deposits, rates, fees or charges for such purpose. Separate deposits, rates, fees or charges may be fixed for the water and sewer services respectively and, if applicable, the stormwater services, or combined rates, fees or for the combined water and sewer services, and, if applicable, the storm water services. Such deposits, rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund, an adequate depreciation fund and pay the principal and interest upon all revenue bonds issued under this article. Deposits, rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance. The rates, fees or charges shall be changed, from time to time, as necessary, consistent with the provisions of this article.

(3) All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(4) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of \$100 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water and sewage service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, service may not be reconnected or reinstated by the municipality or governing body until another deposit equal to \$100 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate to be set by the Public Service Commission: *Provided*, That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may terminate water services to a delinquent user of either water or sewage facilities, or both, ten days after the water or sewage services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided further*, That any termination of water service must comply with all rules and orders of the Public Service Commission: *Provided however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any

agents or employees of the municipality or governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided shall be delinquent and the municipality or governing body may apply any deposit against any delinquent fee. The user is liable until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service and, if applicable, stormwater service, whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served. The municipality has the plenary power and authority to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and reasonable attorney's fees: *Provided*, That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to filing an action in magistrate court for collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through a civil action in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality has exhausted all other remedies for collection of debts with respect to such delinquencies prior to bringing the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency has been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought.

(f) Notwithstanding any other provision contained in this article, a municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such

rules, regulations, fines or acts are not contrary to any rules or orders of the Public Service Commission.

(g) Notice of a violation of a municipal stormwater ordinance or regulation shall be served in person to the alleged violator or by certified mail, return receipt requested. The notice shall state the nature of the violation, the potential penalty, the action required to correct the violation and the time limit for making the correction. Should a person, after receipt of proper notice, fail to correct violation of the municipal stormwater ordinance or regulation, the municipality may correct or have the corrections of the violation made and bring the party into compliance with the applicable stormwater ordinance or regulation. The municipality may collect the costs of correcting the violation from the person by instituting a civil action, as long as such actions are not contrary to any rules or orders of the Public Service Commission.

(h) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1939, c. 98, § 7; Acts 1947, c. 112; Acts 1969, c. 86; Acts 1989, c. 133; Acts 1990, c. 140; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2004, c. 185, eff. 90 days after March 12, 2004; Acts 2008, c. 202, eff. March 8, 2008; Acts 2010, c. 201, eff. June 11, 2010.

**Library References**

Municipal Corporations Ⓒ708.  
Water Law Ⓒ1869.  
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

**Research References**

**ALR Library**

54 ALR 6th 201, Municipal Liability for Damage Resulting from Obstruction or Clogging of Drain or Sewer.

**Notes of Decisions**

**Tort liability 1**

**1. Tort liability**

A municipal ordinance that is enacted pursuant to the statutory power granted to municipalities to construct, operate, maintain, care for, and protect a sewer system, and that purports

to limit, modify, or eliminate tort liabilities and immunities related to that sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Code, 8-20-10, 29-12A-5(a)(16). Calabrese v. City of Charleston, 1999, 515 S.E.2d 814, 204 W.Va. 650. Municipal Corporations Ⓒ 70

**§ 8-20-11. Discontinuance of water service for nonpayment of rates or charges**

Any municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water service of the combined system for the nonpayment of the rates, fees or charges for said water service or sewer

service, or both, or, if applicable, stormwater service, or any combination thereof, or all of them.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Water Law Ⓒ2230.  
Westlaw Topic No. 405.

**§ 8-20-11a. Governmental entities subject to established rates**

The municipality and any county government, state government and federal government served by the services of the combined system shall be subject to the same rates, fees or charges established in this article or to rates, fees or charges established in harmony therewith, for service rendered to the governmental entity, and shall pay such rates, fees or charges when due from corporate funds and the same shall be considered to be part of the revenue of the combined system as defined in this article, and be applied as provided in this article, for the application of such revenues. However, no rates, fees or charges for combined services or stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**§ 8-20-12. Use of revenues; sinking fund**

All revenues derived from the operation of any combined system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any bonds are issued shall pledge the revenues derived from the combined system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which the bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof.

Acts 1939, c. 98, § 9; Acts 1969, c. 86; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations Ⓒ951.  
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1704 to 1705.

**§ 8-20-13. System of accounts; audit**

Any municipality operating a combined system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from the combined system and the application of the same. At least once each year the municipality shall cause the accounts to be properly audited, and a report of the audit shall be open to the public for inspection at all reasonable times.

Acts 1939, c. 98, § 10; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations ⇨885.  
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1628 to 1629.

**§ 8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits**

Whenever a municipality collects rates or charges from users of any part of a sewerage system located outside the corporate limits of such municipality for sewerage service rendered to such users, pursuant to the provisions of this article or other act or law, such municipality shall be responsible for the repair and maintenance of such sewerage system and the county court of the county or counties in which such sewerage system is located shall not be liable or responsible for the repair and maintenance of such sewerage system.

Acts 1957, c. 127; Acts 1969, c. 86.

*W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.*

**Library References**

Municipal Corporations ⇨708.  
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1535 to 1536.

**§ 8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership**

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section seven of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any ordinance or trust indenture to be performed by the municipality or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates, fees or charges for services rendered by the combined system.

If there be default in the payment of the principal of or interest upon any of bonds, or of both principal and interest, any court having jurisdiction shall

appoint a receiver to administer said combined system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates, fees or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and the receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which the bonds have been issued or trust indenture, or both.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

#### Library References

Municipal Corporations ¶955(1).  
Westlaw Topic No. 268.

### PART IV—GRANTS, LOANS AND ADVANCES; CUMULATIVE AUTHORITY

#### § 8-20-16. Grants, loans and advances

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

In no event shall any loan or temporary advance be a general obligation of the municipality and the loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section.

Acts 1961, c. 106; Acts 1969, c. 86; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

## Library References

United States ☞82(2).  
Westlaw Topic No. 393.  
C.J.S. United States § 155.

**§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority**

This article is, without reference to any other statute or charter provision, full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined system herein provided for and for the issuance and sale of the bonds by this article authorized, and is an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any undertaking or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to any undertaking or to the issuance or sale of such bonds is required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the bureau of public health and the division of environmental protection remain unaffected by this article: Provided, however, that no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto.

Acts 1933, Ex. Sess., c. 26, § 13; Acts 1969, c. 86; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**PART V—OPERATION BY BOARD; CONSTRUCTION****§ 8-20-18. Alternative procedure for acquisition, construction, etc., of combined system**

(a) As an alternative to the procedure provided in this article, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined system or to construct, maintain and operate additions, betterments and improvements thereto, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or of a portion of the governing body, or of a board or commission appointed by the governing body, as may be provided by the governing body, and if such alternative is followed, said committee,

board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen of this chapter.

However, no municipality may acquire, construct, establish, extend; repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system, which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(b) In the event that the waterworks or sewerage system or both, or if applicable, stormwater services, are in existence prior to the creation of the combined system, and the waterworks or sewerage system or both, and if applicable, stormwater services, are supervised and controlled by a committee, board or commission, and the alternative provided for in subsection (a) of this section is to be followed with respect to the supervision and control of the combined system, the governing body may by ordinance, after the creation of the combined system, provide:

(1) The manner of and procedure for transferring supervision and control from each separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined system; or

(2) The manner of and procedure for combining each separate committee, board or commission into one committee, board or commission and transferring thereto supervision and control as aforesaid.

Acts 1961, c. 104; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

Municipal Corporations ☞708.  
Water Law ☞1869.  
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

**§ 8-20-19. Article to be liberally construed**

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes.

Acts 1933, Ex. Sess., c. 26, § 14; Acts 1969, c. 86.

# State of West Virginia

The seal of the State of West Virginia is circular, featuring a central figure of a woman holding a scale and a sword, with a plow and sheaf of wheat below. The text "STATE OF WEST VIRGINIA" is at the top and "MONTANI SEMPER LIBERI" is at the bottom, flanked by two stars.

## Certificate

*I, Natalie E. Tennant, Secretary of State of the  
State of West Virginia, hereby certify that*

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13C OF THE WEST  
VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



*Given under my hand and the  
Great Seal of the State of  
West Virginia on  
May 14, 2014*

*Natalie E. Tennant*  
Secretary of State

## ARTICLE 13C

### DRINKING WATER TREATMENT REVOLVING FUND ACT

#### Section

- 16-13C-1. Definitions.
- 16-13C-2. Designation of division of health as state instrumentality; rules; small systems; disadvantaged communities.
- 16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts.
- 16-13C-4. Management of funds.
- 16-13C-5. Remedies to enforce payment.
- 16-13C-6. Construction of article.

#### § 16-13C-1. Definitions

Unless the context in which used clearly requires a different meaning, as used in this article:

- (1) "Authority" means the water development authority provided for in section four, article one, chapter twenty-two-c of this code.
- (2) "Capacity development" means the technical, managerial and financial capability of a public water system.
- (3) "Cost" means the cost of all labor, materials, machinery, equipment, lands, property, rights and easements, plans and specifications and all other expenses necessary or incident to the acquisition, construction, improvement, expansion, extension, repair or rehabilitation of all or part of a project.
- (4) "Disadvantaged community" means the service area of a public water system that meets affordability criteria established after public review and comment by the state.
- (5) "Federal safe drinking water act" means the federal statute commonly known as the "Safe Drinking Water Act", 42 U.S.C. 300f et seq., as enacted, amended, and as may be subsequently amended.
- (6) "Fund" means the West Virginia drinking water treatment revolving fund created in this article.
- (7) "Instrumentality" means the division of health which has the primary responsibility for administering the fund and this article pursuant to requirements of the federal safe drinking water act.
- (8) "Local entity" means any municipality, public utility, or person, including any individual, firm, partnership, association, not-for-profit corporation or other corporation organized and existing under the laws of the state which may construct and operate an eligible project.
- (9) "Public water system" means that term as defined in section nine-a, article one, chapter sixteen of the code.
- (10) "Project" means a project for improving a drinking water system for the purpose of achieving or maintaining compliance with applicable state and federal drinking water regulations.

(11) "Set-aside accounts" means those accounts that shall be set up for activities required by the federal Safe Drinking Water Act and the moneys for these accounts may be taken from the federal capitalization grant for these nonproject activities before the capitalization grant is deposited into the fund.

(12) "Small system" means a public water system serving ten thousand or fewer persons.

Acts 1997, c. 225, eff. April 11, 1997; Acts 1998, c. 170, eff. 90 days after March 12, 1998.

**Administrative Code References**

Drinking water treatment revolving fund rules, see W. Va. Code St. R. § 64-49-1 et seq.

**United States Code Annotated**

Safety of public water systems, public health service, see 42 U.S.C.A. § 300g et seq.

**§ 16-13C-2. Designation of division of health as state instrumentality; rules; small systems; disadvantaged communities**

(a) The division of health shall act as the instrumentality that is hereby empowered to enter into capitalization agreements with the United States Environmental Protection Agency, to accept capitalization grant awards made under the federal safe drinking water act, and to direct the administration and management of the drinking water treatment revolving fund created in this article in accordance with the requirements of federal law.

(b) The division of health shall propose rules for legislative approval in accordance with provisions of article three, chapter twenty-nine-a of the code for the purpose of effecting the administration of the provisions of this article. The rules shall include, but are not limited to, establishing requirements for: (1) Capacity development; (2) environmental review; (3) disadvantaged community designation; (4) receipt and disbursement of fund moneys; and (5) establishment of a drinking water treatment revolving fund program to direct the financial management of the fund to water systems and establish the interest rates and repayment terms of the loans.

(c) Two percent of the annual federal capitalization grants made to this state shall be utilized to provide technical assistance services for small systems to assist those systems in maintaining compliance with the federal safe drinking water act. The division of health shall enter into contracts to provide technical assistance services for small systems with such nonprofit organizations that: (1) Have a membership that represent at least twenty-five percent of the small systems of this state; and (2) have at least five years experience in providing on-site technical assistance to small systems.

(d) The division of health shall, in accordance with the provisions of the federal safe drinking water act, establish a program for loan subsidies to disadvantaged communities. Thirty percent of the annual federal capitalization grants made to this state shall be dedicated to the funding of projects for disadvantaged communities.

Acts 1997, c. 225, eff. April 11, 1997.

## Library References

States ☞127.

Waters and Water Courses ☞196.

Westlaw Topic Nos. 360, 405.

C.J.S. States §§ 386 to 387.

C.J.S. Waters §§ 483, 495 to 497; 588.

**§ 16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts**

(a) There is continued in the office of the state treasurer a permanent and perpetual special fund to be known as the "West Virginia drinking water treatment revolving fund". The fund shall be administered and managed in accordance with the provisions of the federal Safe Drinking Water Act. The division of health may draw all or a portion of those moneys available under capitalization agreements and with the capitalization grant awards from the United States environmental protection agency under the federal Safe Drinking Water Act and to deposit such moneys into the fund and the set-aside accounts.

(b) The fund, less the set-aside account moneys, shall be administered and managed by the water development authority under the direction of the division of health. The fund shall be comprised of moneys appropriated to the fund by the Legislature, moneys allocated to the state by the federal government expressly for the purpose of establishing and maintaining a drinking water treatment revolving fund and set-aside accounts, all receipts from loans made from the fund, all income from the investment of moneys held in the fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans or provide other allowable financial assistance to eligible projects for public water systems, as described in the federal Safe Drinking Water Act.

(c) In order to carry out the administration and management of the fund, the authority and the division of health are authorized to employ officers, employees, agents, advisors and consultants, including attorneys, financial advisors, engineers, other technical advisors and public accountants, and notwithstanding any provisions of this code to the contrary, to determine their duties and compensation without the approval of any other agency or instrumentality.

(d) The authority shall propose legislative rules for promulgation in accordance with the provisions of article three, chapter twenty-nine-a of this code to govern the pledge of loans to secure bonds of the authority.

(e) Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code.

(f) Pursuant to the provisions of the federal Safe Drinking Water Act, set-aside accounts shall be set up in accounts separate from the drinking water treatment revolving fund. These set-aside accounts shall include, but not be limited to, administration costs, source water protection, operator training and

certification, technical assistance to systems, local assistance, and other state activities permitted by the federal Safe Drinking Water Act. The division of health shall establish and administer the set-aside accounts as permitted by the federal Safe Drinking Water Act. An application fee may be charged and deposited into the administrative account to defray the cost of administering the program.

Acts 1997, c. 225, eff. April 11, 1997; Acts 1998, c. 170, eff. 90 days after March 12, 1998.

**Library References**

States ⇨127. C.J.S. States §§ 386 to 387.  
 Waters and Water Courses ⇨196. C.J.S. Waters §§ 483, 495 to 497, 588.  
 Westlaw Topic Nos. 360, 405.

**§ 16-13C-4. Management of funds**

The authority shall manage the funds received pursuant to the provisions of this article for accounting purposes. The authority shall cause an audit of its books and accounts to be made at least once each fiscal year and the cost thereof may be defrayed as administrative expense under provisions of this article. The audit shall be conducted by a certified public accountant and provide an auditor's opinion on the fund financial statements, a report on the internal controls and a report prepared in compliance with the provisions of the drinking water treatment revolving fund.

Acts 1997, c. 225, eff. April 11, 1997.

**Library References**

States ⇨127. C.J.S. States §§ 386 to 387.  
 Waters and Water Courses ⇨196. C.J.S. Waters §§ 483, 495 to 497, 588.  
 Westlaw Topic Nos. 360, 405.

**§ 16-13C-5. Remedies to enforce payment**

(a) In order to ensure the timely payment of all sums due and owing to the fund under a revolving fund loan agreement made between the state and a local entity, and notwithstanding any provisions of this code to the contrary, the authority has and may, at its option, exercise the following rights and remedies in the event of any default by a local entity under a loan agreement:

(1) The authority may directly impose, in its own name and for its own benefit, service charges upon all users of a project funded by a loan distributed to a local entity pursuant to this article, and may proceed directly to enforce and collect the service charges, together with all necessary costs of the enforcement and collection.

(2) The authority may exercise, in its own name or in the name of and as the agent for a particular local entity, all of the rights, powers and remedies of the local entity with respect to the project or which may be conferred upon the local entity by statute, rule, regulation or judicial decision, including all rights and remedies with respect to users of the project funded by the loan distributed to that local entity pursuant to this article.

**DRINKING WATER TREATMENT REVOLVING FUND § 16-13C-6**

(3) The authority may, by civil action, mandamus or other judicial or administrative proceeding, compel performance by a local entity of all the terms and conditions of the loan agreement between the state and that local entity including:

(A) The adjustment of service charges as required to repay the loan or otherwise satisfy the terms of the loan agreement;

(B) The enforcement and collection of service charges; and

(C) The enforcement by the local entity of all rights and remedies conferred by statute, rule, regulation or judicial decision.

(b) The rights and remedies enumerated in this article are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement.

Acts 1997, c. 225, eff. April 11, 1997.

**Library References**

States ☞127.	C.J.S. States §§ 386 to 387.
Waters and Water Courses ☞196.	C.J.S. Waters §§ 483, 495 to 497, 588.
Westlaw Topic Nos. 360, 405.	

**§ 16-13C-6. Construction of article**

The provisions of this article shall be liberally construed to the end that its beneficial purposes may be effected. Insofar as the provisions of this article are inconsistent with the provisions of any other general, special or local law, the provisions of this article are controlling.

Acts 1997, c. 225, eff. April 11, 1997.

**Library References**

Statutes ☞235.
Westlaw Topic No. 361.
C.J.S. Statutes § 376.

AT A CIRCUIT COURT CONTINUED AND HELD FOR LOGAN COUNTY, AT  
THE COURT HOUSE THEREOF, ON TUESDAY, JULY 15th, A. D. 1947.  
HONORABLE C. C. CHAMBERS, JUDGE OF SAID COURT, PRESENT AND  
PRESIDING.

IN RE: INCORPORATION OF THE TOWN OF CHAPMANVILLE,  
IN CHAPMANVILLE DISTRICT, LOGAN COUNTY,  
WEST VIRGINIA.

This day came Ernest Dent, George S. Chapman, and J. W. Barker, petitioners in the above cause, and filed with this Court their petition, with its exhibits, asking said Court to grant unto the citizens living in the territory, as laid out and described in a certain map and survey filed in this cause and marked Exhibit No. 1, a certificate of incorporation of such territory into a town by the name of Chapmanville.

And said matter coming on to be heard upon the aforesaid petition and its exhibits filed in this cause and upon the argument of counsel on the question of said incorporation, and the Court being of the opinion that the law, as set out in Chapter 8, Article 2 of the Code of West Virginia (Michie, 1943), regulating such matters, has been complied with by said petitioners, doth hereby grant the relief asked for in said petition, and doth direct the Clerk of this Court to issue a Certificate of Incorporation of such territory into a town by the name of Chapmanville, and doth further direct said Clerk to issue a Certificate of Incorporation of such town as prescribed by Section 8, Article 2, Chapter 8 of the Code of West Virginia (Michie, 1943) which said Certificate shall embrace the following described boundary or territory, situate in Chapmanville District in said County,

BEGINNING at a stake on the East side of State Route 10 at a culvert where the state road crosses the Peter Fry Branch of the Guyandotte River; thence N 29° 35' E 80 feet to a stake on the left (West) bank of Peter Fry Branch; thence up Peter Fry Branch N 48° E 433 feet to a stake; thence S 30° 30' E 2200 feet to a stake; thence S 11° 20' W 715 feet across the county road to a stake; thence S 46° 45' W 795 feet across the

Kanawha Branch of the Guyandotte River to a stake; thence S 0° 30' W 1630 feet across the Fowler Branch of the said river to a stake; thence S 71° 45' W 855 feet to a stake; thence 29° 30' W 825 feet to a stake; thence S 73° W 380 feet across the Chesapeake and Ohio Railroad to a stake on the East bank of the said river; thence N 41° (48') W 700 feet to a stake on the East bank of said river; thence N 16° 45' W 790 feet to a stake on the East bank of said river; thence N 25° 30' E 2850 feet along the East bank of said river to a stake by the South side of the bridge which crosses said river to the Crawley Creek road; thence N 80° W 1038 feet across said river and along the South side of the said Crawley Creek road to a stake; thence N 6° 45' W 1160 feet across the said Crawley Creek road to a stake on the South bank at the bend of said river; thence N 80° 30' E 730 feet to a stake on the South bank at the bend of said river; thence N 76° 30' E 803 feet across said river to the place of beginning, comprising an area of 236.8 acres more or less.

And it appearing to the satisfaction of the Court that all the provisions of Chapter 8, Article 2 of the Code of West Virginia (Michie, 1943) have been complied with by the applicants for said incorporation, said town is duly authorized, within the corporate limits aforesaid, to exercise all the corporate powers conferred by the said chapter, from and after the date of said certificate.

And from and after the date of such Certificate, the territory embraced within the boundary mentioned in said Certificate shall be an incorporated town by the name specified in said notice and Certificate.

It is further ordered that J. W. Barker, C. A. Talbert, and S. A. Ferrell, three legal voters residing within the above-described territory, be and they are hereby appointed as commissioners, to act as such at the first election of officers to be held in said Town of Chapmanville, which said election shall be held within sixty (60) days of the said Certificate of Incorporation, within the corporate limits of said town, at such time and place as may be fixed by said commissioners after giving the notice prescribed by Section 2, Article 3, Chapter 8, of the West Virginia Code (Michie, 1943).

STATE OF WEST VIRGINIA

COUNTY OF LOGAN, TO-WIT:

I, Zeva Dingess, Clerk of the Circuit Court of Logan County, state aforesaid, do hereby certify that the foregoing is a true and correct copy as fully as the same appears of record and on file in my said office.

Given under my hand and seal of said court this the 27th day of July, 1956.

Zeva Dingess, Clerk

By Betty Jane White Deputy

NOTICE

All persons residing within the limits of the territory hereinafter described are hereby notified that on the 16th day of July, 1947, the undersigned persons will apply by petition to the Circuit Court of Logan County, West Virginia, for a certification of incorporation as a town by the name of Chapmanville of the territory hereinafter described, situate in Chapmanville District, Logan County, West Virginia:

BEGINNING at a stake on the east side of State Route 10 at a culvert where the State road crosses the Peter Fry Branch of the Guyandotte River; thence N 8° 55' W 80 feet to a stake on the left (West) bank of Peter Fry Branch; thence up Peter Fry Branch N 48° E 455 feet to a stake; thence S 30° 30' E 2200 feet to a stake; thence S 11° 20' W 715 feet across the County road to a stake; thence S 45° 45' E 795 feet across the Kanawha Branch of the Guyandotte River to a stake; thence S 0° 30' W 1550 feet across the Fowler Branch of the said river to a stake; thence S 71° 45' W 855 feet to a stake; thence S 29° 30' W 825 feet to a stake; thence S 73° W 280 feet across the Chesapeake and Ohio Railroad to a stake on the East bank of the said river; thence N 41° 45' W 700 feet to a stake on the East bank of said river; thence N 16° 45' W 790 feet to a stake on the East bank of said river; thence N 25° 30' E 2850 feet along the East bank of said river to a stake by the South side of the bridge which crosses said river to the Crawley Creek road; thence N 80° W 1055 feet across said river and along the South side of the said Crawley Creek road to a stake; thence N 5° 45' W 1180 feet across the said Crawley Creek road to a stake on the South bank at the bend of said river; thence E 80° 30' E 750 feet to a stake on the South bank at the bend of said river; thence N 76° 30' E 805 feet across said river to the place of beginning, comprising an area of 235.8 acres, more or less.

An accurate survey and map of the proposed incorporation limits, showing the sources and distances of the boundaries thereof and the amount of territory contained therein, and an accurate census of the resident population of such territory as of the 16 day of May, 1947, have been left at Dent's Grocery, where they may be examined by all persons interested in this application at all reasonable hours until July 9, 1947.

You are further notified that on the 8th day of July, 1947, all of the qualified voters who have resided within the limits of the proposed corporation for at least sixty days prior to that date will meet at the Chapmanville High School to vote upon the question of such incorporation. The polls will open at 6:30 o'clock P.M. and close at 7:30 o'clock P.M.

Given under our hands this the 3 day of June, 1947.

Ernest Dent  
Ernest Dent

George S. Chapman  
George S. Chapman

J. W. Barker  
J. W. Barker



original

CERTIFICATE OF INCORPORATION

A certificate under the oath of J. W. Barker, C. A. Talbert, and S. A. Ferrell, was this day filed, showing that a majority of all the qualified voters residing in the following boundary, to-wit:

BEGINNING at a stake on the East side of State Route 10 at a culvert where the state road crosses the Peter Fry Branch of the Guyandotte River; thence N 2° 35' E 80 feet to a stake on the left (West) bank of Peter Fry Branch; thence up Peter Fry Branch N 48° E 433 feet to a stake; thence S 30° 30' E 2200 feet to a stake; thence S 11° 20' W 715 feet across the county road to a stake; thence S 46° 45' W 795 feet across the Kanawha Branch of the Guyandotte River to a stake; thence S 0° 30' W 1630 feet across the Fowler Branch of the said river to a stake; thence S 71° 45' W 855 feet to a stake; thence S 29° 30' W 825 feet to a stake; thence S 73° W 380 feet across the Chesapeake and Ohio Railroad to a stake on the East bank of the said river; thence N 41° 45' W 700 feet to a stake on the East bank of said river; thence N 16° 45' W 790 feet to a stake on the East bank of said river; thence N 25° 30' E 2850 feet along the East bank of said river to a stake by the South side of the bridge which crosses said river to the Crawley Creek road; thence N 80° W 1038 feet across said river and along the South side of the said Crawley Creek road to a stake; thence N 6° 45' W 1160 feet across the said Crawley Creek road to a stake on the South bank at the bend of said river; thence N 80° 30' E 730 feet to a stake on the South bank at the bend of said river; thence N 76° 30' E 803 feet across said river to the place of beginning, comprising an area of 236.8 acres, more or less;

have voted in due form of law, in favor of the incorporation of the Town of Chapmanville, in the County of Logan, bounded as herein set forth. And as it appears to the satisfaction of the court that all of the provisions of Chapter 8 of the Code of West Virginia (Michie, 1943) have been complied with by the applicants for said incorporation, said town is a body corporate, duly authorized within the corporate limits aforesaid, or as otherwise provided, to exercise all the corporate powers conferred by the said chapter from and after the date of this certificate.

Given under my hand this 15 day of July, 1947.

*Simon B. Dingess*

Clerk of the Circuit Court of Logan  
County, West Virginia.

By T. E. Telle Deputy

By adoption of the following ordinances the Town of Chapmanville, West Virginia does by such adoption repeal all ordinances heretofore adopted. reference is made to minutes of Town of Chapmanville for adoption of this Comprehensive Code of Ordinances.

## CHAPTER ONE

### General Provisions

#### Sec. 1-1 How ordinances designated and cited

The ordinances embraced in this and the following chapters and sections shall constitute and be designated "The Ordinances of the Town of Chapmanville, West Virginia", and may be so cited.

#### Sec. 1-2 Definitions and rules of construction

In the construction of all ordinances, the following definitions and rules of construction shall be observed, unless inconsistent with the manifest intent of the council or unless the context clearly requires otherwise:

**Town.** The words "the Town" or this Town shall mean the Town of Chapmanville, in the County of Logan and State of West Virginia, except as otherwise provided.

**Computation of time.** The time within which an act is to be done shall be computed by excluding the first and including the last day; and if the last day be Sunday or a legal holiday, that shall be excluded.

**Council.** Town council. The words "the council" or the term "town council" shall mean "the council of the Town of Chapmanville".

**County.** The words "the county" or "this county" shall mean the County of Logan, in the State of West Virginia, except as otherwise provided.

**Gender.** A word importing the masculine gender only shall extend and be applied to females and to firms, partnerships and corporations as well as to males.

**Land.** "Land" and "real estate" includes rights and easements of an incorporated nature.

**Month.** The word "month" shall mean a calendar month.

**Number.** A word importing the singular number only may extend and be applied to several persons or things as well as to one person or thing; a word importing the plural number only may extend and be applied to one person or thing, as well as to several persons or things.

**Oath.** The word "oath" shall be construed to include an affirmation in all cases in which by law, and affirmation may be submitted or substituted for an oath, and in such cases the words "swear" and "sworn" shall be equivalent to the words "affirm" and "affirmed". Or, and, "Or" may be read "and", and "and" may be read "or", if the sense requires it.

**Owner.** The word "owner", applied to any building or land, shall include any part owner, joint owner, tenant in common, joint tenant or tenant by the entirety, of the whole or part of such building or land.

Person. The word "person" shall extend and be applied to firms, partnerships, associations, bodies politic and corporate, or any other group acting as a unit, as well as to individuals.

Personal property include every species of property except real property, as herein defined.

Preceding: following. The words "preceding" and "following" mean next before and next after, respectively.

Property. The word "property" shall include real, personal and mixed property, estates and interest.

Real property shall include lands, tenements and hereditaments.

Shall. The word "shall" is mandatory and not merely directory.

Sidewalk. The word "sidewalk" shall mean any portion of a street between the curb line, or the lateral lines of a roadway where there is no curb, and the adjacent property line, intended for the use of pedestrians.

Signature or subscription includes a mark when the person cannot write.

State. The words "state" or "this state" shall mean the State of West Virginia.

Street. The word "street" shall include avenues, boulevards, highways, roads, alleys, lanes, viaducts, bridges, and the approaches thereto and all other public thoroughfares in the town, and shall mean the entire width thereof between abutting property lines; it shall be construed to include a sidewalk or foot-path, unless the contrary is expressed or unless such construction would be inconsistent with the manifest intent of the council.

Tenant or occupant. The word "tenant" or "occupant", applied to a building or land, shall include any person who occupies the whole or part of such building or land, whether alone or with others.

Time. Words used in the past tense or present tense include the future as well as the past and present.

Written, in writing. "Written" or "in writing" shall be construed to include any representation of words, letters or figures, whether by printing or otherwise.

Year. The word "year" shall mean a calendar year, and the word "year" alone shall be equivalent of the expression "year of our Lord".

Sec. 1-3 Effect of repeal or expiration of ordinance.

The repeal of an ordinance, or its expiration by virtue of any provision contained therein, shall not affect any offense committed, or penalty or punishment incurred, before the repeal took effect, or the ordinance expired, save only that the proceedings thereafter had shall conform as far as practicable to the ordinances in force at the time such proceedings take place, unless otherwise expressly provided.

**Sec. 1-4 Provisions considered as continuations of existing ordinances.**

The provisions appearing in those ordinances, so far as they are the same as those of former ordinances included herein, shall be considered as continuations thereof and not as new enactments and all former ordinances not appearing herein shall be and hereby are repealed.

**Sec. 1-5 Catchlines of sections.**

The catchlines of the several sections of these ordinances typed as headings are intended as mere catchwords to indicate the contents of the section and shall not be deemed or taken to be titles of such sections, nor as any part of the section, nor, unless so provided shall they be so deemed when any of such sections, including the catchlines, are amended or reenacted.

**Sec. 1-6 Severability of ordinances.**

It is hereby declared to be the intention of the council that the sections, paragraphs, sentences, clauses and phrases of these ordinances are severable, and if any phrase, clause, sentence, paragraph, section or chapter of these ordinances shall be declared unconstitutional or invalid by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any of the remainder of these ordinances, since the same would have been enacted by the council without the incorporation in these ordinances of any unconstitutional or invalid portions.

**Sec. 1-7 Official Town time.**

Whenever any time or hour of the day is mentioned in any chapter of these ordinances, or in any ordinance of the Town hereafter adopted, the time or hour shall be construed to mean Eastern Standard Time, or Daylight Saving Time if then in use in the Town, and the Eastern Standard Time, or Daylight Saving Time if then in use in the town is hereby adopted as the official standard time of the town.

**Sec. 1-8 Official copy of ordinances to be kept in town hall..**

One copy of these of these ordinances shall be certified by the town Recorder as correct and official and shall be placed and kept permanently on file in the office of the town hall. It shall be unlawful for any person to remove such copy of the ordinances from the town hall. Any person violating this section shall be guilty of a misdemeanor.

**Sec. 1-9 Sale of ordinances**

The town recorder is hereby authorized to sell any copies of these ordinances, at such price as may be fixed by resolution of the council.

CHAPTER TWO

ADMINISTRATION

Article 1. In General

Sec. 1--City solicitor to hold position of city attorney.

Article 2. City Council

Sec. 1--Where regular and special meetings held.

All meetings of the city council, regular or special, shall be held in the Town Hall Building, except as otherwise directed by council upon notice given.

Sec. 2--When regular meetings held.

The council shall its regular meetings on the second and fourth Mondays of each month at 7:30 P.M., except as otherwise provided by council upon notice given as provided in these ordinances. In the event the second or fourth Monday falls on a holiday, the meeting shall be held on the following day.

Sec. 3--Calling special meetings; transaction of business at special meeting.

The mayor may call a special meeting of the council by giving at least twenty-four hour's written notice to each member of the council and by posting the notice in at least three public places, which notice shall be posted at least twenty-four hours before the meeting. Any three councilmen may call a special meeting by giving twenty-four hours written notice to the mayor and council and by posting the notice in at least three public places at least twenty-four hours before the meeting. The notice for a special meeting shall state the purpose for which the meeting is called and no business shall be transacted at a special meeting except that business which is stated in the special call.

Sec. 4--Time of filing ordinances to be submitted to council.

All ordinances to be submitted for approval or disapproval of the council shall be filed with the town clerk not less than five days before such submission.

Sec. 5--Departure from order of business.

There shall be no departure from the order of business, as set out in these ordinances except upon unanimous consent of the members of the council present and voting.

Sec. 6--Suspension of rules.

No rule of order of the council shall be suspended except by consent of a majority of the members of the council present and voting. Any such suspension of rules may be made upon a motion.

Sec. 7--Order of business generally.

At every regular meeting of the council the order of business shall be as follows:

- a. Roll call
- b. Reading of minutes
- c. Reading of Town financial report

- d. Miscellaneous and unfinished business.
- e. Petitions and communications
- f. Reports from city officials
- g. Original resolutions, orders and ordinances

**Sec. 8--Special order of business.**

When any matter is made the special order for a future meeting, it shall at such meeting take priority over all other business, except the reading of the minutes of the previous meeting.

**Sec. 9--Procedure in absence of quorum.**

If a quorum fail to attend a meeting with thirty minutes after the appointed time for such meeting, those present may adjourn to such time as they deem proper, after the names of those present shall have been entered on the journal.

**Sec. 10--Enforcement of rules; preservation of decorum.**

The mayor shall enforce the rules of the council and preserve order and decorum.

**Sec. 11--Decision on questions of order.**

The mayor shall decide questions of order and may, without vacating his chair, give his reasons for his decisions.

From any such decision of the chair an appeal may be made to the council, the question being, "Shall the decision of the chair be sustained as the decision of the council?" Upon such appeal, no debate shall be allowed, if it refers to a question of decorum; but, if it relates to the priority of business or to the relevancy or applicability of propositions, the appeal may be debated.

**Sec. 12--Statement of questions; declaration of results.**

Questions shall be distinctly put substantially in the following form, namely: "As many as agree that, etc. (as case may be), say 'aye' and after the affirmative vote is given: "Those opposed say 'no'. The mayor shall declare all votes.

**Sec. 13--Members not to withdraw.**

After a member of the council has, at any meeting been recorded as present, he shall not, without permission of the council, absent himself from such meeting until its adjournment.

**Sec. 14--Conduct of members.**

Every member of the council shall confine himself to the question before the council and avoid personal, or indecorous language. No discussion of a sectarian or political nature shall be allowed. No member shall interrupt another while speaking, except to make a point of order, the point to be briefly stated to the presiding officer. No member shall, while the council is sitting, interrupt or hinder its business by standing, moving about, talking, expressing approval or disapproval of any of the proceedings or by any conduct tending to disorder or confusion.

Sec. 14--Recognition of members.

When two members of the council rise at the same time, the mayor shall name the one to speak. In all cases, the member of the council first rising and addressing the chair shall speak first.

Sec. 15--Limitation on number and length of speeches.

No member of the council shall speak more than once on the same question until every member choosing to speak shall have done so, nor more than twice, nor for a longer time than fifteen minutes on any question, without permission of the council.

Sec. 16--Calling members to order.

If, in speaking, any member of the council transgress the rules of the council, the mayor shall call him to order. If there be no appeal, the decision of the chair shall be submitted to. If the decision be in favor of the member called to order, he may proceed: if otherwise, he shall not proceed, except by leave of the council.

Sec. 17--Addresses by nonmembers.

No person who is not a member of the council shall orally address it, until leave to do so has been applied for, through a member of the council, and granted by it, or until invited so to do by the presiding officer.

Sec. 18--Motions--Generally.

When a motion is made and seconded, it shall be stated by the presiding officer before it is debated. A motion may be withdrawn by the mover, with consent of the second, at any time before it is decided, amended or otherwise acted upon by the council.

Sec. 19--Amendments to be relevant.

No motion different from that under consideration shall be admitted under color of amendment.

Sec. 20--Same--Precedence.

When a question is under debate, no motion shall be entertained, unless specially provided for, except the following, which shall take precedence in the order given:

- a. To adjourn, to be made without preliminary remarks and decided without debate.
- b. To lay on the table, to be decided without debate.
- c. For the previous question, to be decided without debate.
- d. To postpone, either indefinitely or to a certain day or hour.
- e. To refer or recommit.
- f. To substitute or amend.
- g. To adopt or approve.

Sec. 21--When motion to adjourn in order.

A motion to adjourn shall always be in order, except when a member of the council has the floor, when the council is engaged in voting, when the previous question has been ordered, or when

the motion to adjourn has been put and lost and no other business has intervened.

Sec. 22--Same--Previous question.

Any member who obtains the floor during debate, and submits no other motion or remark, may move for the previous question, which motion, if seconded, shall forthwith be put to the council. The previous question shall be in this form: "Shall the main question now be put?" If carried, its effect shall be to end all debates and bring the council to a direct vote upon a motion to commit, if pending; then upon pending amendment, if any; and then, upon the main question. If the motion for the previous question be not carried, debate may continue as if the motion had not been made.

Sec. 23--Same--To reconsider.

In all cases a motion to reconsider will be entertained only when made by a member who voted with the prevailing side. A majority of those present can reconsider any vote, but the motion to do so shall be made at the same session of the council during which such vote was taken. A motion to reconsider shall have precedence over all other questions, and when it has once been put and lost, it shall not be renewed.

Sec. 24--Same--To lay on the Table.

A three-fifths vote of the members of the council present at any meeting of the council shall be required for the adoption or passage of the parliamentary motion "to lay on the table" as employed or applicable in the conduct of meetings and affairs of the council.

Sec. 25--Voting procedure; interested members not to vote.

On the call of any member of the council, the vote on any question may be taken by ayes and noes, and recorded; provided the demand be made before other business has been taken up. A member who is present and fails to vote when the ayes and noes are taken, shall be entered on the journal as present and not announcing his vote. No member who has an immediate personal or pecuniary interest in the result of the question shall either vote or be counted upon it.

Sec. 26--Recordation of dissent.

Any member of the council shall have the liberty to dissent from or protest against, any ordinance, resolution or order of the council, and have the reason of his dissent entered upon the record.

Sec. 27--Robert's Rules of Order.

The proceedings of the council, except as otherwise provided, shall be governed by Robert's Rules of Order.

Article 3. Town Owned Vehicles and Mobile Equipment.

Sec. 1--Display name of Town

All town-owned motor vehicles and mobile equipment shall

TOWN OF CHAPMANVILLE

First Reading: 9/11/97

Second Reading: 9-25-97

Adopted: 9-25-97

AN ORDINANCE TO AMEND CHAPTER TWO OF THE TOWN OF  
CHAPMANVILLE TO CHANGE THE TIME FOR THE REGULAR MONTHLY MEETING  
OF THE TOWN OF CHAPMANVILLE.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF CHAPMANVILLE:

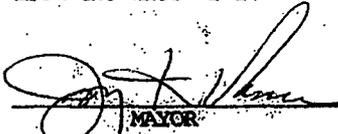
That effective upon the adoption of this ordinance that the  
Council of the Town of Chapmanville shall have one regular  
meeting per month which shall be held on the second Thursday  
of each month at 7:00 p.m.

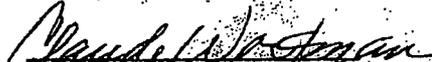
This ordinance shall be effective from the date of its  
adoption.

ADOPTED:

FILED:

RECORDED:

  
MAYOR

  
RECORDER

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF LOGAN TO-WIT

I Jerry Price Jr. do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Mayor, Town of Chapmanville

to the best of my skill and judgement SO HELP ME GOD.

Print Name and Address:

Jerry Price Jr  
P.O. Box 372  
Chapmanville WV 25508

(Signature of affiant)

Subscribed and sworn to before me, in said County and State, this 11<sup>th</sup> day of July, 2014.



OFFICIAL SEAL  
STATE OF WEST VIRGINIA  
NOTARY PUBLIC  
Claude B. Workman  
P.O. Box 774  
Chapmanville WV 25508  
My Commission Expires March 9, 2018

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Logan TO-WIT

Claude Workman do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of

Recorder

to the best of my skill and judgement SO HELP ME GOD.

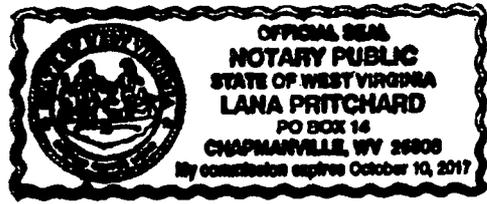
Print Name and Address:

Claude Workman
Box 774
Chapmanville WV 25508

(Signature of affiant) Claude Workman

Subscribed and sworn to before me, in said County and State, this 11 day of July, 20 11.

Lana Pritchard



OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF LOGAN TO-WIT

ESTEL E. MURRAY do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of COUNCIL  
TOWN OF CHAPMANVILLE

to the best of my skill and judgement SO HELP ME GOD.

Print Name and Address:

ESTEL E. MURRAY  
P.O. BOX 1223  
CHAPMANVILLE, W.V. 25508

(Signature of affiant) Estel E. Murray

Subscribed and sworn to before me, in said County and State, this 11<sup>th</sup>  
day of July, 2014.

Claude Workman



OFFICIAL SEAL  
STATE OF WEST VIRGINIA  
NOTARY PUBLIC  
Claude B. Workman  
P.O. Box 774  
Chapmanville, WV 25508  
My Commission Expires March 9, 2018

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF LOGAN TO-WIT

I Michael E. Collins do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Chapmanville Town Council

\_\_\_\_\_ to the best of my skill and judgement SO HELP ME GOD.

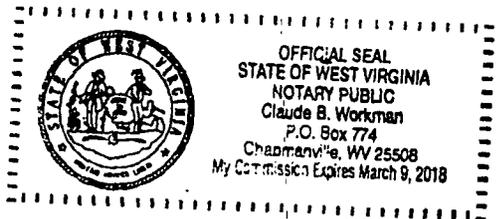
Print Name and Address:

Mike Collins  
PO Box 12  
Logan WV 25601

(Signature of affiant) [Handwritten Signature]

Subscribed and sworn to before me, in said County and State, this 11<sup>th</sup> day of July 20 11.

Claude Workman



OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Logan TO-WIT

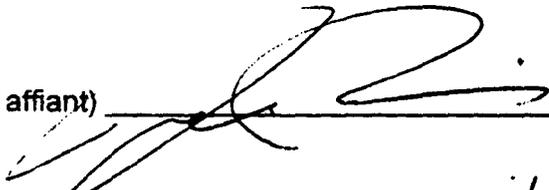
I James Robison do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Council

\_\_\_\_\_ to the best of my skill and judgement SO HELP ME GOD.

Print Name and Address:

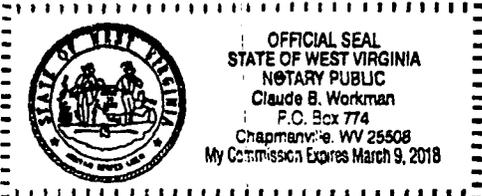
James A. Robison  
152 Highwater St. to Box 4717  
Chapmanville WV 25508

(Signature of affiant)



Subscribed and sworn to before me, in said County and State, this 11<sup>th</sup> day of July, 20 11.

Claude Workman



OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF \_\_\_\_\_ TO-WIT

Haita Hagerly do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Council Person

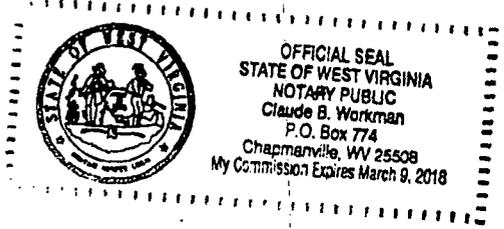
\_\_\_\_\_ to the best of my skill and judgement SO HELP ME GOD.

Print Name and Address:  
Haita Hagerly  
P.O. Box 2860 - 111 Dover Ave  
Chapmanville WV 25508 -

(Signature of affiant) Haita Hagerly

Subscribed and sworn to before me, in said County and State, this 11th day of July, 2011.

Claude Workman



OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Logan TO-WIT

I Jeremy Farley do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Councilman for the Town of Chapmanville

to the best of my skill and judgement SO HELP ME GOD.

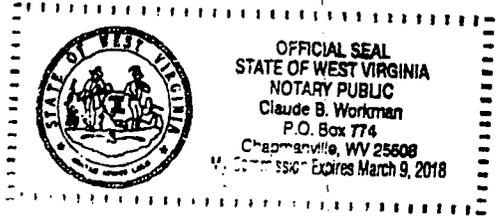
Print Name and Address:

Jeremy Farley  
505 Church St.  
Chapmanville, WV 25508

(Signature of affiant) Jeremy Farley

Subscribed and sworn to before me, in said County and State, this 13<sup>th</sup> day of August, 2012.

Claude B. Workman



RULES OF PROCEDURE  
OF THE TOWN OF CHAPMANVILLE

Introduced in Council on August 12, 1999

Introduced by Joy Vance, Mayor

Adopted by Council on August 12, 1999

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

Be it Resolved and Ordered by the Council of the Town of Chapmanville, Logan County, West Virginia:

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

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

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

(B) The Council of the Town of Chapmanville (the "Council"), Logan County, West Virginia (the "Town"), is the governing body of the Town within the meaning of the Act.

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

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

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

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

<u>News Media</u>	<u>Address</u>
The Logan Banner	P.O. Box 720 Logan, WV 25601

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

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

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

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

**Rule No. 2. Notice of Special Meetings.** Not less than three (3) days prior to the date set for any special meeting of the Council, the Council shall instruct the Recorder to, and the Recorder shall, post at the regular meeting place of the Council, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Recorder shall distribute to each of the newspapers, television stations, radio stations and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

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

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

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

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

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

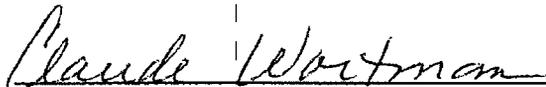
Section 5. Effective Time. This Resolution and the Rules of Procedure promulgated hereby shall take effect immediately upon the adoption hereof.

Adopted this 12<sup>th</sup> day of August, 1999.

  
\_\_\_\_\_  
Mayor

[SEAL]

Attest:

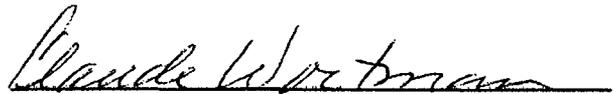
  
\_\_\_\_\_  
Recorder

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council  
of the Town of Chapmanville on the 12<sup>th</sup> day of August, 1999.

Dated this 24<sup>th</sup> day of August, 1999.

[SEAL]

  
Recorder

07/29/99  
003791/00301

M0300768.1

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

**FINAL**  
**11/26/2013**

Entered: November 6, 2013

CASE NO. 13-1142-W-CN

CHAPMANVILLE MUNICIPAL WATER WORKS,  
A public utility, Chapmanville, Logan County.

Application for a certificate of convenience and necessity to construct an upgrade of its current potable water distribution system at or near the Town of Chapmanville and surrounding areas, Logan County, West Virginia.

RECOMMENDED DECISION

This Order grants the certificate.

On August 2, 2013, Chapmanville Municipal Water Works (Utility) filed an application for a certificate of convenience and necessity to make certain improvements to its water system.

On August 14, 2013, the Commission referred the matter requiring a decision on or before December 12, 2013.

On August 27, 2013, the Utility filed an affidavit of publication indicating that the Utility properly published notice in Logan County. There have been no protests filed pursuant to the notice.

On November 5, 2013, Staff recommended granting the certificate.

FINDINGS OF FACT

1. On July 30, 2013, the Utility filed an application for a certificate of convenience and necessity to replace certain parts of its water system. The project will install approximately 10,240 linear feet of 10-inch and smaller diameter water main, demolish two existing water storage tanks, restore and paint one existing 300,000-gallon tank, construct one new 200,000-gallon storage tank, fire hydrants and other related items. (Application; Staff filing of November 5, 2013).

2. The project has been approved by the West Virginia Infrastructure and Jobs Development Council. (Infrastructure Number 2012W-1312; Staff filing of November 5, 2013).

3. The project replaces approximately 22% of the Utility's old water mains. (Staff filing of November 5, 2013).

4. The Utility's current water storage tanks are in need of repair and/or replacement as noted in the Sanitary Survey conducted in 2011. (Id.).

5. The project will improve the Utility's system hydraulics, replace leaking mains, and replace and upgrade deteriorated water storage tanks. (Id.).

6. The Utility's current unaccounted-for water rate is approximately 50% and the project should help lower the rate. (Id.).

7. The total engineering services are estimated to cost \$160,000, or 7.13% of the construction cost, which, when compared to the American Society of Civil Engineers' standards, are reasonable for the project. (Id.).

8. The total estimated project cost is \$2,705,000. (Id.).

9. During the year ending June 30, 2012, the Utility lost approximately 43,168,000 gallons of water. The project is anticipated to reduce the water loss by approximately 8,500,000 gallons, which should annually save the Utility approximately \$12,750 in water purchase cost and \$1,200 in transmission and distribution cost. (Id.).

10. The Utility has obtained permits from the West Virginia Bureau for Public Health, West Virginia Public Land Corporation, West Virginia Culture and History, and the U.S. Army Corps of Engineers. (Id.).

11. The project will not infringe upon the service area of any other utility or municipality. (Id.).

12. The project will not require a rate increase. (Id.).

13. The project should result in a decrease in annual operation and maintenance expenses for the Utility of \$10,854. (Id.).

14. The proposed financing is a West Virginia Drinking Water Treatment Revolving Fund loan of \$1,205,000 at 0.5% interest and a 0.5% administrative fee for 30 years and a \$1,100,000 West Virginia Water Development Authority Grant Anticipation Note (GAN). The GAN will only be payable from an anticipated Small Cities Block Grant which the Utility hopes to receive in the near future. The GAN will not convert to an amortized loan at any point. (Id.).

15. The Utility should have a post-project surplus of \$68,210 and a post-project debt service coverage of 259%. (Staff filing of November 5, 2013).

16. Staff recommended granting the certificate and approving the related financing. (Id.).

### CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed financing is reasonable and should be approved.

### ORDER

IT IS, THEREFORE, ORDERED that the Chapmanville Municipal Water Works be, and hereby is, granted a certificate of convenience and necessity to construct the proposed water project as described in its application of July 30, 2013. The cost of the project shall not exceed \$2,705,000. Approval is contingent upon receipt of all necessary federal, state and local permits. The Utility shall file all permits not yet filed with the Commission upon receipt.

IT IS FURTHER ORDERED that the proposed financing, consisting of a West Virginia Drinking Water Treatment Revolving Fund loan in the amount of \$1,205,000 at 0.5% interest and a 0.5% administrative fee for 30 years; and a West Virginia WDA Grant Anticipation Note in the amount of \$1,100,000; and a Small Cities Block Grant in the amount of \$400,000, be, and hereby is, approved. The Utility is further approved to accept a \$1,100,000 Small Cities Block Grant, if it is issued, in order to repay the West Virginia WDA Grant Anticipation Note.

IT IS FURTHER ORDERED that, if the scope or plans for the project change, or project costs or financing changes require a further rate increase beyond any discussed in this Order, the Utility must obtain prior Commission approval before commencing construction. Changes in project costs or financing do not require separate approval if those changes do not affect rates and the Utility submits an affidavit from a certified public accountant to that effect.

IT IS FURTHER ORDERED that the Utility provide the Commission with a copy of an engineer's certified bid tabulation for all contracts awarded on this project, as soon as they are available, but no later than ten (10) days after the bid opening date.

IT IS FURTHER ORDERED that the Utility submit to the Commission a copy of the certificate of substantial completion issued for each construction contract associated with the project, as soon as they are available, but no later than ten (10) days after the issuance of such documents.

IT IS FURTHER ORDERED that the Utility comply with all rules and regulations of the Division of Highways regarding the use of Division of Highways' rights-of-way.

IT IS FURTHER ORDERED that the matter be removed from the open docket.

The Executive Secretary is hereby ordered to serve a copy of this Order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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 the exceptions.

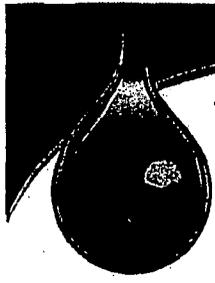
If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed by the Commission.

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.



Keith A. George  
Administrative Law Judge

KAG:cdk  
131142ab.doc



# WEST VIRGINIA

## Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin  
Chairman

Kenneth Lowe, Jr.  
Public Member

David "Bones" McComas  
Public Member

Ron Justice  
Public Member

Louis R. Spatafore  
Public Member

Joseph Freeland  
Public Member

D. K. "Bud" Carr  
Public Member

James W. Ellars, P.E.  
Executive Director

Barbara J. Pauley  
Administrative Secretary

Wednesday, May 09, 2012

Lana Pritchard, Clerk  
Chapmanville Municipal Water Works  
P.O. Box 426  
Chapmanville, WV 25508-0426

Re: Chapmanville Municipal Water Works  
Town of Chapmanville Water Distribution System Upgrade  
Project 2012W-1312  
Preliminary Application Approved

Dear Ms. Pritchard:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the preliminary application for the above-referenced project (Project).

Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Sponsor should carefully review the comments of the Water Technical Review Committee, as found on the Project Team Members' Dashboards at [www.wvinfrastructure.com](http://www.wvinfrastructure.com), as the Sponsor may need to address certain issues raised in said comments as it proceeds with the Project.

Below is grant information for this project:

SCBG - \$1,500,000.00 - Recommended

Below is loan information for this project:

DWTRF Loan - \$1,040,000.00 (0% interest, 1% admin fee, 30 yrs) - Recommended

If you have any questions regarding this matter, please contact James W. Ellars, P.E. at (304) 414-6501 (X107).

Sincerely,

Kenneth Lowe, Jr.

cc: BPH Rep Name, BPH  
Kathryn K. Elliott, Region 2 - Planning & Development Council  
Rick Roberts, E.L. Robinson Engineering  
Kathleen Ellis, McNeal, Williamson & Co. CPAs

DWTRF  
(07/13)

LOAN AGREEMENT

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

TOWN OF CHAPMANVILLE (2012W-1312)  
(Local Entity)

WITNESSETH:

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

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

WHEREAS, under the Act the BPH is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition §66.468 (1998)) and BPH has been awarded capitalization grants to partially fund the Program;

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

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

1.3 “Cross Cutter Authorities” means federal laws and authorities that apply by their terms to projects or activities receiving federal assistance.

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

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

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

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

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

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

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

1.11 “DWTRF Regulations” means the regulations set forth in the West Virginia Code of State Regulations.

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

improvement to an existing system at any reasonable time following commencement of construction.

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

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

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

2.10 The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State. If the Local Entity is a newly established water system, the Local Entity must employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The newly

established Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

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

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

2.13 The Local Entity shall serve the additional customers at the location(s) as set forth in Schedule X. The Local Entity shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Local Entity shall certify to the Authority the number of customers added to the System.

2.14 The Local Entity shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the PSC.

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

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

(a) The Local Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended;

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

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

(d) The Local Entity shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible

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

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

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

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

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

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

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

water projects and satisfactory to the Authority and BPH, to such effect, such certificate to be in form and substance satisfactory to the Authority and BPH, and evidence satisfactory to the Authority and BPH of such irrevocably committed grants; and

(k) The Local Entity shall have obtained 100% of the titles, easements and rights-of-way, or shall have received rights-of-entry for the same and the Authority and BPH shall receive an opinion of counsel to the Local Entity, satisfactory to the Authority and BPH, to such effect.

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

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

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

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

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

3.7 The Local Entity shall comply with the following conditions:

(a) The Local Entity shall develop and implement an asset management plan in accordance with BPH guidelines and approved by BPH.

(b) The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying.

(c) The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

(d) The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

(e) The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement.

(f) The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this Agreement and (2) interview any officer or employee of the Local Entity.

(g) The Local Entity must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this Agreement.

(h) The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

(i) The Local Entity 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 31 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations

from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

(j) Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make Disadvantage Business Enterprise (DBE) good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with DBE participation reports quarterly.

(k) The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority. If the Local Entity receives \$500,000 or more (in any combination of federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that 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 Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

(xvii) That the Local Entity shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Entity shall complete the Monthly Payment Form, attached hereto as Exhibit D 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. The Local Entity shall make monthly payments to the Commission by electronic transfer;

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

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

of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

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

4.3 At least two and one-half percent (2½%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Local Entity

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

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

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

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

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

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

6.7 The Local Entity hereby agrees to file with the Authority upon completion of acquisition and construction of the Project a schedule setting forth the actual costs of the Project and sources of funds.

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

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

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

TOWN OF CHAPMANVILLE

By:   
Its: Mayor  
Date: May 22, 2014

(SEAL)

Attest:

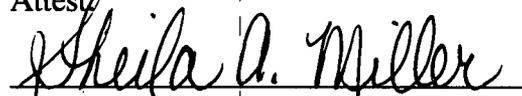
  
Its: Recorder

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

By:   
Its: Executive Director  
Date: May 22, 2014

(SEAL)

Attest:

  
Its: Authorized Officer

**EXHIBIT A**

**Monthly Financial Report**

Name of Local Entity: \_\_\_\_\_  
 Funding Agency Project No.: \_\_\_\_\_  
 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:	0	0	0	0
2. Operating Expenses: (Including Admin Fees)	0	0	0	0
3. Renewal and Replacement Fund Deposits:	0	0	0	0
	<b>Adequate R&amp;R Deposit</b>	<b>Adequate R&amp;R Deposit</b>	<b>Adequate R&amp;R Deposit</b>	
4. *Net Revenue: (Equation: 1-2-3)	0	0	0	0
5. Bond Payments: (Principal and Interest)				
<u>Type of Issue</u>				
Clean water SRF:				0
Drinking water SRF:				0
Infrastructure Fund:				0
Water Dev. Authority:				0
Rural Utilities Service:				0
Economic Development:				0
Other: (Identify Below)				0
<b>*Bond Payment Total:</b>	0	0	0	0
6.				
<b>*Calculated Debt Coverage:</b> (Equation: 4/6 * 100% )	#DIV/0!	#DIV/0!	#DIV/0!	
7.	#DIV/0!	#DIV/0!	#DIV/0!	

\_\_\_\_\_  
 Name of Person Completing Form / Date

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone Number

Please enter financial data in  
 Grey cells. (If applicable)  
 \* Self Calculating Formula

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT (Exhibit A)

General Definitions

- Total Year to Date – Refers to the amount collected, spent, or deposited since the start of the current fiscal year through the current month.
- Budget Year to Date – Refers to the amount budgeted since the start of the fiscal year through current month.
- You will need a copy of the current fiscal year budget adopted by the Local Entity to complete the “Budget Year to Date” columns in Items 1 and 2.

Item 1 In Item 1, provide the amount of actual **Gross Revenues** for the current month, and the total year to date amount and budget year-to-date amount in the respective columns.

Item 2 Provide the amount of actual **Operating Expenses** for the current month, and the total year to date amount and budget year-to-date amount in the respective columns. All administrative fees should be included in the Operating Expenses.

Item 3 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 5. For example, if Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 5 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Entity. An error message will appear if inadequate funds are deposited.

Item 4 This number is automatically calculated.

Item 5 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Entity according to the source of funding. Fill out the current month, total year to date, and the budget year to date columns for each bond. 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, a loan from the Water Development Authority, etc.

Item 6 This is the total bond payment that is automatically calculated by adding up all the payments in Item 5.

Item 7 This is the percentage of debt coverage that is automatically calculated from the data you entered above. The bond requirement is that at least 115% debt coverage is maintained. An error message will appear if there is inadequate coverage.

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

EXHIBIT B

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by 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 firm<sup>1</sup> has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies \_\_\_\_\_

<sup>1</sup>If 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".

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 thereof<sup>2</sup>, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Funding Assistance 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; (xi) the Project was designed and will be constructed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[SEAL]

By:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

West Virginia License No. \_\_\_\_\_

<sup>2</sup>If 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 C

### SPECIAL CONDITIONS

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

B. EXHIBIT C-1 – The Local Entity shall complete the form attached as Exhibit C-1 and submit to the BPH prior to the Closing.

# EXHIBIT C-1

**For DHR Use Only**  
 Grant Number \_\_\_\_\_

**West Virginia Department of Health and Human Resources**  
**Subrecipient (Grantee) Information Form**  
 Please see the instructions for completion of the Subrecipient (Grantee) Information Form

**1. Subrecipient (Grantee) Name**

--

**2. Subrecipient (Grantee) Location (Street Address, City State and Zip Code)**


**3. Subrecipient (Grantee) 9 Digit DUNS Number**

--

**4. Subrecipient (Grantee) Type (Please check one box only)**

<input type="checkbox"/> State Government <input type="checkbox"/> County Government <input type="checkbox"/> City or Township Government <input type="checkbox"/> Special District Government <input type="checkbox"/> Regional Organization <input type="checkbox"/> U.S. Territory or Possession <input type="checkbox"/> Independent School District <input type="checkbox"/> Public/State Controlled Institution of Higher Learning <input type="checkbox"/> Indian/Native American Tribal Government (Federally Recognized) <input type="checkbox"/> Indian/Native American Tribal Government (Other than Federally Recognized) <input type="checkbox"/> Indian/Native American Tribally Designated Organization <input type="checkbox"/> Public/Indian Housing Authority	<input type="checkbox"/> Nonprofit with SOLIC IRS Status (Other than Institution of Higher Education) <input type="checkbox"/> Nonprofit without SOLIC IRS Status (Other than Institution of Higher Education) <input type="checkbox"/> Private Institution of Higher Education <input type="checkbox"/> Individual <input type="checkbox"/> For-Profit Business (Other than Small Business) <input type="checkbox"/> Small Business <input type="checkbox"/> Hispanic-serving Institution <input type="checkbox"/> Historically Black Colleges and Universities (HBCUs) <input type="checkbox"/> Tribally Controlled Colleges and Universities (TCCUs) <input type="checkbox"/> Alaska Native and Native Hawaiian Serving Institutions <input type="checkbox"/> Non-domestic (non-US) entity <input type="checkbox"/> Other (Please explain) _____
--	--

**5. Primary Performance Location (Street Address, City State and Zip Code)**


**6. Names, Titles and Total Compensation for the 5 Most Highly Compensated Officers**

Officer Name	Title	Total Compensation

**NOTE: This form must be signed by an individual no lower than the Executive Director or Chief Financial Officer.**

Printed Name \_\_\_\_\_ Title \_\_\_\_\_  
 Signature \_\_\_\_\_ Date \_\_\_\_\_ Phone # \_\_\_\_\_

DHR Form A-300B

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority  
1009 Bullitt Street  
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission

on behalf of \_\_\_\_\_ on \_\_\_\_\_.  
[Local Entity] [Date]

Sinking Fund:

Interest \$ \_\_\_\_\_

Principal \$ \_\_\_\_\_

Total: \$ \_\_\_\_\_

Reserve Account: \$ \_\_\_\_\_

Witness my signature this \_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
[Name of Local Entity]

By:

\_\_\_\_\_

Authorized Officer

Enclosure: wire transfer form

EXHIBIT E

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority  
1009 Bullitt Street  
Charleston, WV 25301

West Virginia Bureau for Public Health  
350 Capitol Street, Room 313  
Charleston, WV 25301-3713

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated \_\_\_\_\_, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, dated \_\_\_\_\_(the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$\_\_\_\_\_, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning \_\_\_\_\_1, \_\_\_\_, and ending \_\_\_\_\_1, \_\_\_\_, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$1,505,000
Purchase Price of Local Bonds	\$1,505,000

The Local Bonds shall bear interest at a rate of 0.5% per annum. Commencing March 1, 2016 principal of and interest on 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 Entity shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Entity shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Entity shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

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

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

- (i) Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), dated August 24, 1999, issued in the original principal amount of \$140,000 (the "Series 1999 A Bonds"); and
- (ii) Combined Water and Sewer System Design Revenue Bonds, Series 2013 A (West Virginia CWSRF Program), dated December 12, 2013, issued in the original principal amount of \$400,000 (the "Series 2013 A Bonds").

The Local Bonds are issued senior and prior, with respect to liens, pledge and source of and security for payment, and in all other respects, to the Town of Chapmanville Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 B, dated March 25, 1986, issued in the original aggregate principal amount of \$99,740.

Number of New Customers To Be Served: -0-

Location: Town of Chapmanville and surrounding areas, Logan County.

SCHEDULE Y  
DEBT SERVICE SCHEDULE

Net Debt Service								
Town of Chapmanville								
DWTRF								
\$1,505,000								
0.5% Interest Rate								
0.5% Administrative Fee								
30 Years								
Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service	
3/1/2016	11,632	0.500%	1,881.25	13,513.25	971.96	1,351.39	15,836.60	
6/1/2016	11,647	0.500%	1,866.71	13,513.71	971.96	1,351.39	15,837.06	
9/1/2016	11,661	0.500%	1,852.15	13,513.15	971.96	1,351.39	15,836.50	
12/1/2016	11,676	0.500%	1,837.58	13,513.58	971.96	1,351.39	15,836.93	
3/1/2017	11,691	0.500%	1,822.98	13,513.98	971.96	1,351.39	15,837.33	
6/1/2017	11,705	0.500%	1,808.37	13,513.37	971.96	1,351.39	15,836.72	
9/1/2017	11,720	0.500%	1,793.74	13,513.74	971.96	1,351.39	15,837.09	
12/1/2017	11,735	0.500%	1,779.09	13,514.09	971.96	1,351.39	15,837.44	
3/1/2018	11,749	0.500%	1,764.42	13,513.42	971.96	1,351.39	15,836.77	
6/1/2018	11,764	0.500%	1,749.73	13,513.73	971.96	1,351.39	15,837.08	
9/1/2018	11,779	0.500%	1,735.03	13,514.03	971.96	1,351.39	15,837.38	
12/1/2018	11,793	0.500%	1,720.30	13,513.30	971.96	1,351.39	15,836.65	
3/1/2019	11,808	0.500%	1,705.56	13,513.56	971.96	1,351.39	15,836.91	
6/1/2019	11,823	0.500%	1,690.80	13,513.80	971.96	1,351.39	15,837.15	
9/1/2019	11,838	0.500%	1,676.02	13,514.02	971.96	1,351.39	15,837.37	
12/1/2019	11,852	0.500%	1,661.22	13,513.22	971.96	1,351.38	15,836.56	
3/1/2020	11,867	0.500%	1,646.41	13,513.41	971.96	1,351.38	15,836.75	
6/1/2020	11,882	0.500%	1,631.58	13,513.58	971.96	1,351.38	15,836.92	
9/1/2020	11,897	0.500%	1,616.72	13,513.72	971.96	1,351.38	15,837.06	
12/1/2020	11,912	0.500%	1,601.85	13,513.85	971.96	1,351.38	15,837.19	
3/1/2021	11,927	0.500%	1,586.96	13,513.96	971.96	1,351.38	15,837.30	
6/1/2021	11,942	0.500%	1,572.05	13,514.05	971.96	1,351.38	15,837.39	
9/1/2021	11,956	0.500%	1,557.13	13,513.13	971.96	1,351.38	15,836.47	
12/1/2021	11,971	0.500%	1,542.18	13,513.18	971.96	1,351.38	15,836.52	
3/1/2022	11,986	0.500%	1,527.22	13,513.22	971.96	1,351.38	15,836.56	
6/1/2022	12,001	0.500%	1,512.23	13,513.23	971.96	1,351.38	15,836.57	
9/1/2022	12,016	0.500%	1,497.23	13,513.23	971.96	1,351.38	15,836.57	
12/1/2022	12,031	0.500%	1,482.21	13,513.21	971.96	1,351.38	15,836.55	
3/1/2023	12,046	0.500%	1,467.17	13,513.17	971.96	1,351.38	15,836.51	
6/1/2023	12,062	0.500%	1,452.12	13,514.12	971.96	1,351.38	15,837.46	
9/1/2023	12,077	0.500%	1,437.04	13,514.04	971.96	1,351.38	15,837.38	
12/1/2023	12,092	0.500%	1,421.94	13,513.94	971.96	1,351.38	15,837.28	
3/1/2024	12,107	0.500%	1,406.83	13,513.83	971.96	1,351.38	15,837.17	
6/1/2024	12,122	0.500%	1,391.69	13,513.69	971.96	1,351.38	15,837.03	
9/1/2024	12,137	0.500%	1,376.54	13,513.54	971.96	1,351.38	15,836.88	
12/1/2024	12,152	0.500%	1,361.37	13,513.37	971.96	1,351.38	15,836.71	
3/1/2025	12,167	0.500%	1,346.18	13,513.18	971.96	1,351.38	15,836.52	
6/1/2025	12,183	0.500%	1,330.97	13,513.97	971.96	1,351.38	15,837.31	
9/1/2025	12,198	0.500%	1,315.74	13,513.74	971.96	1,351.38	15,837.08	
12/1/2025	12,213	0.500%	1,300.50	13,513.50	971.96	1,351.38	15,836.84	
3/1/2026	12,228	0.500%	1,285.23	13,513.23	971.96	-	14,485.19	
6/1/2026	12,244	0.500%	1,269.94	13,513.94	971.96	-	14,485.90	
9/1/2026	12,259	0.500%	1,254.64	13,513.64	971.96	-	14,485.60	
12/1/2026	12,274	0.500%	1,239.32	13,513.32	971.96	-	14,485.28	
3/1/2027	12,290	0.500%	1,223.97	13,513.97	971.96	-	14,485.93	
6/1/2027	12,305	0.500%	1,208.61	13,513.61	971.96	-	14,485.57	

May 1, 2014 2:10 pm Prepared by Piper Jaffray & Co.

(WDA:LOANS-CHAP114) 2

Net Debt Service							
Town of Chapmanville							
DWTRF							
\$1,505,000							
0.5% Interest Rate							
0.5% Administrative Fee							
30 Years							
Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
9/1/2027	12,320	0.500%	1,193.23	13,513.23	971.96	-	14,485.19
12/1/2027	12,336	0.500%	1,177.83	13,513.83	971.96	-	14,485.79
3/1/2028	12,351	0.500%	1,162.41	13,513.41	971.96	-	14,485.37
6/1/2028	12,367	0.500%	1,146.97	13,513.97	971.96	-	14,485.93
9/1/2028	12,382	0.500%	1,131.51	13,513.51	971.96	-	14,485.47
12/1/2028	12,398	0.500%	1,116.03	13,514.03	971.96	-	14,485.99
3/1/2029	12,413	0.500%	1,100.54	13,513.54	971.96	-	14,485.50
6/1/2029	12,429	0.500%	1,085.02	13,514.02	971.96	-	14,485.98
9/1/2029	12,444	0.500%	1,069.48	13,513.48	971.96	-	14,485.44
12/1/2029	12,460	0.500%	1,053.93	13,513.93	971.96	-	14,485.89
3/1/2030	12,475	0.500%	1,038.35	13,513.35	971.96	-	14,485.31
6/1/2030	12,491	0.500%	1,022.76	13,513.76	971.96	-	14,485.72
9/1/2030	12,506	0.500%	1,007.15	13,513.15	971.96	-	14,485.11
12/1/2030	12,522	0.500%	991.51	13,513.51	971.96	-	14,485.47
3/1/2031	12,538	0.500%	975.86	13,513.86	971.96	-	14,485.82
6/1/2031	12,553	0.500%	960.19	13,513.19	971.96	-	14,485.15
9/1/2031	12,569	0.500%	944.50	13,513.50	971.96	-	14,485.46
12/1/2031	12,585	0.500%	928.79	13,513.79	971.96	-	14,485.75
3/1/2032	12,601	0.500%	913.06	13,514.06	971.96	-	14,486.02
6/1/2032	12,616	0.500%	897.30	13,513.30	971.96	-	14,485.26
9/1/2032	12,632	0.500%	881.53	13,513.53	971.96	-	14,485.49
12/1/2032	12,648	0.500%	865.74	13,513.74	971.96	-	14,485.70
3/1/2033	12,664	0.500%	849.93	13,513.93	971.96	-	14,485.89
6/1/2033	12,680	0.500%	834.10	13,514.10	971.96	-	14,486.06
9/1/2033	12,695	0.500%	818.25	13,513.25	971.96	-	14,485.21
12/1/2033	12,711	0.500%	802.39	13,513.39	971.96	-	14,485.35
3/1/2034	12,727	0.500%	786.50	13,513.50	971.96	-	14,485.46
6/1/2034	12,743	0.500%	770.59	13,513.59	971.96	-	14,485.55
9/1/2034	12,759	0.500%	754.66	13,513.66	971.96	-	14,485.62
12/1/2034	12,775	0.500%	738.71	13,513.71	971.96	-	14,485.67
3/1/2035	12,791	0.500%	722.74	13,513.74	971.96	-	14,485.70
6/1/2035	12,807	0.500%	706.75	13,513.75	971.96	-	14,485.71
9/1/2035	12,823	0.500%	690.74	13,513.74	971.96	-	14,485.70
12/1/2035	12,839	0.500%	674.72	13,513.72	971.96	-	14,485.68
3/1/2036	12,855	0.500%	658.67	13,513.67	971.96	-	14,485.63
6/1/2036	12,871	0.500%	642.60	13,513.60	971.96	-	14,485.56
9/1/2036	12,887	0.500%	626.51	13,513.51	971.96	-	14,485.47
12/1/2036	12,903	0.500%	610.40	13,513.40	971.96	-	14,485.36
3/1/2037	12,919	0.500%	594.27	13,513.27	971.96	-	14,485.23
6/1/2037	12,936	0.500%	578.12	13,514.12	971.96	-	14,486.08
9/1/2037	12,952	0.500%	561.95	13,513.95	971.96	-	14,485.91
12/1/2037	12,968	0.500%	545.76	13,513.76	971.96	-	14,485.72
3/1/2038	12,984	0.500%	529.55	13,513.55	971.96	-	14,485.51
6/1/2038	13,000	0.500%	513.32	13,513.32	971.96	-	14,485.28
9/1/2038	13,017	0.500%	497.07	13,514.07	971.96	-	14,486.03
12/1/2038	13,033	0.500%	480.80	13,513.80	971.96	-	14,485.76

May 1, 2014 2:10 pm Prepared by Piper Jaffray & Co.

(WDA:LOANS-CHAP114) 3



P.S.C. W. Va. No. 7  
Canceling P.S.C. W. Va. No. 6

*OROW Chapmanville 13 A*

**TOWN OF CHAPMANVILLE, a municipal corporation**

OF

CHAPMANVILLE, WEST VIRGINIA

**RATES, RULES AND REGULATIONS FOR FURNISHING**

**WATER**

AT

Chapmanville and vicinity, Logan County, West Virginia

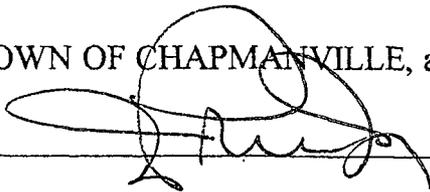
Filed with **THE PUBLIC SERVICE COMMISSION**  
of  
**WEST VIRGINIA**

Issued August 26, 2013

Effective for all rates and charges on and after  
August 22, 2013 or as otherwise provided herein

Adopted by Town Council  
on July 8, 2013.

Issued by TOWN OF CHAPMANVILLE, a public utility

By  \_\_\_\_\_

\_\_\_\_\_  
Mayor

Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

II. Where multiple service is rendered through one meter (or service connection) the minimum charge shall be multiplied by the number of families, stores, offices and/or establishments receiving water from each connection.

(C) APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY OF SERVICE

Available for residential, commercial, governmental, industrial and sale for resale water service.

(C) RATES (Customers with metered water supply)

(I)	First	2,000	gallons used per month	\$9.11 per 1,000 gallons
(I)	Next	25,000	gallons used per month	\$6.06 per 1,000 gallons
(I)	Next	75,000	gallons used per month	\$4.20 per 1,000 gallons
(C,I)	All Over	102,000	gallons used per month	\$3.29 per 1,000 gallons
	Resale			\$1.65 per 1,000 gallons

(M)

(O)

MINIMUM CHARGE

(C) Each customer shall pay a minimum charge of \$18.22 per month (Equivalent to 2,000 gallons of water usage)

(I)	5/8	inch meter	\$ 18.22 per month
(N)	3/4	inch meter	\$ 27.33 per month
(I)	1	inch meter	\$ 45.55 per month
(I)	1- 1/4	inch meter	\$ 66.50 per month
(I)	1- 1/2	inch meter	\$ 91.10 per month
(I)	2	inch meter	\$ 145.76 per month
(D)	3	inch meter	\$ 273.30 per month
(D)	4	inch meter	\$ 455.50 per month
(I)	6	inch meter	\$ 911.00 per month
(I)	8	inch meter	\$1,457.60 per month

(C) Indicates change in text

(I) Indicates increase

(M) Indicates moved

(O) Indicates omission

(N) Indicates new

(D) Indicates decrease

(N) FLAT-RATE CHARGE (Customers with non-metered water supply)  
Equivalent to 4,000 gallons of water usage \$30.34 per month

(C) DELAYED PAYMENT PENALTY  
The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

(C,I) SERVICE CONNECTION CHARGE  
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 Public Service Commission of West Virginia. This pre-construction tap fee will be invalid after the completion of construction adjacent to an 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 Public Service Commission of West Virginia for each new tap to the system.

FIRE FEE SERVICE CHARGE:  
Available for public fire protection.

The Town of Chapmanville shall pay a public fire service charge of \$12,000.00 per annum, payable in twelve (12) equal monthly payments.

(O)

(C,I) 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.

- (N) Indicates new
- (C) Indicates change in text
- (I) Indicates increase
- (O) Indicates omission

(C,I) WATER DISCONNECT/RECONNECT FEES/ADMINISTRATIVE FEES:

Water service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a disconnection charge of \$25.00 have been paid.

There shall be a \$25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that the Utility staff or agents of the Utility collect money at the customer's residence in order to stop disconnection, an administrative fee of \$25.00 shall be paid in addition to the other charges to prevent disconnection.

Service calls after regular hours (Monday – Friday after 4PM and anytime on holidays and weekends) will be \$25.00, plus employee hourly overtime rate shall apply if determined to be on the customer side of the meter.

(C,I) INCREMENTAL COSTS: \$3.29 per 1,000 gallons

An amount not to exceed \$3.29 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the 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 non-discriminatory policy regarding this provision for leak adjustments.

(N) 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.

- (C) Indicates change in text
- (I) Indicates increase
- (N) Indicates new

(C) DEPOSIT:

As of the date of the enactment of this Ordinance, the applicable provision of WV Code 8-19-12a(a) is as follows:

“The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of \$50 or two twelfths of the average annual usage of the applicant’s specific customer class, whichever is greater, to secure the payment of water service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, service may not be reconnected or reinstated by the governing body until another deposit equal to \$50 or a sum equal to two twelfths of the average usage for the applicant’s specific customer class, whichever is greater, is remitted to the governing body. After twelve months of prompt payment history, the governing body shall return the deposit to the customer or credit the customer’s account with interest at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the governing body is not required to return the deposit until the time the tenant discontinues service with the governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent. The user is liable until all rates, fees and charges are fully paid. The governing body may, under reasonable rules promulgated by the Public Service commission, shut off and discontinue water services to a delinquent user of sewer facilities ten days after the sewer services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the governing body to accept payment at the customer’s premises in lieu of discontinuing service for a delinquent bill.”

As of the date of the enactment of this Ordinance, the applicable provision of the PSC’s Rules and Regulations for the Government of Water Utilities, specifically, Rule 4.2.a.1 is as follows:

“...for a municipal sewer system only, the deposit shall not be more than either fifty dollars (\$50) or two-twelfths (2/12) of the average annual usage of the applicant’s specific customer class, whichever is greater...”

This Ordinance in accordance with the above-cited statutory language and PSC water rule produces a security deposit of \$60.68 (based on 4,000 gpm x 2 months) for residential customers. All other classes of customers will have their required deposit calculated in accordance with the above language in regards to average usage.

## (C) Indicates change in text

RECEIVED

13 JUN 14 PM 1:44

P.S.C. W. Va. No. 6  
Canceling P.S.C. W. Va. No 5

W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

**TOWN OF CHAPMANVILLE, a municipal utility**  
**OF**  
**CHAPMANVILLE, WEST VIRGINIA**  
**RATES, RULES AND REGULATIONS FOR FURNISHING**  
**SEWERAGE AND SEWAGE DISPOSAL SERVICE**  
**Chapmanville and vicinity, Logan County, West Virginia**  
**Filed with THE PUBLIC SERVICE COMMISSION**  
**of**  
**WEST VIRGINIA**

Issued March 4, 2013

Effective for service rendered on and after January 24, 2013  
or as otherwise provided herein

Adopted by Town Council  
on December 10, 2012.

Issued by TOWN OF CHAPMANVILLE, a municipal utility

By



MAYOR  
TITLE

CHAPMANVILLE, TOWN OF (Sewer)

P.S.C. W.Va. Tariff No. 6  
Original Sheet No. 1

- I. Rules and Regulations for the Government of Sewerage Utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereafter made by the Commission are hereby adopted by reference.

SCHEDULE I

(C) APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY OF SERVICE:

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

(I) RATES

First	2,000 gallons used per month	\$10.00 per 1,000 gallons
Next	3,000 gallons used per month	\$ 7.50 per 1,000 gallons
Next	20,000 gallons used per month	\$ 6.50 per 1,000 gallons
Next	75,000 gallons used per month	\$ 5.00 per 1,000 gallons
Next	100,000 gallons used per month	\$ 4.00 per 1,000 gallons

(M)

(O)

(C,I) MINIMUM CHARGE (Customers with metered water supply)

Each customer shall pay a minimum charge of \$20.00 per month (Equivalent to 2,000 gallons of water usage)

(C,I) FLAT-RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of \$35.00 per month (Equivalent to 4,000 gallons of water usage)

(C) DELAYED PAYMENT CHARGE:

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) 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.

(C) Indicates change in text

(I) Indicates increase

(M) Indicates moved

(O) Indicates omission

SCHEDULE I (Continued)

- (C,I) SEWER SERVICE CONNECTION CHARGE \$350.00  
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 Public Service Commission of West Virginia. This pre-construction tap fee will be invalid after the completion of construction adjacent to an 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), will be charged to all customers who apply for service outside of a certificate proceeding before the Public Service Commission of West Virginia for each new tap to the system.

- (C,I) RETURNED CHECK CHARGE \$25.00  
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.

- (C,I) WATER DISCONNECT/RECONNECT FEES/ADMINISTRATIVE FEES  
Water service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of \$25.00 have been paid.

There shall be a \$25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that the Utility staff or agents of the Utility collect money at the customer's residence in order to stop disconnection, an administrative fee of \$25.00 shall be paid in addition to other charges to prevent disconnection.

- (C,I) INCREMENTAL COSTS \$5.00 per 1,000 gallons  
An amount not to exceed \$5.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the 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 non-discriminatory policy regarding this provision for leak adjustment.

- (C) Indicates change in text  
(I) Indicates increase

SCHEDULE I (Continued)

(N) EFT, ACH, CREDIT CARD AND DROP BOX PAYMENTS

A service change 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.

(C) SECURITY DEPOSIT

As of the date of the enactment of this Ordinance, the applicable provision of WV Code 16-13-16e is as follows:

"The governing body may collect from all new applicants for service a deposit of \$50 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, service may not be reconnected or reinstated by the governing body until another deposit equal to \$50 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the governing body. After twelve months of prompt payment history, the governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the governing body is not required to return the deposit until the time the tenant discontinues service with the governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent. The user is liable until all rates, fees and charges are fully paid. The governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of sewer facilities ten days after the sewer services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill."

(N) Indicates new

(C) Indicates change in text

SCHEDULE I (Continued)

(C) SECURITY DEPOSIT (Continued)

As of the date of the enactment of this Ordinance, the applicable provision of the PSC's Rules and Regulations for the Government of Sewer Utilities, specifically, Rule 4.2.a.1 is as follows:

"...for a municipal sewer system only, the deposit shall not be more than either fifty dollars (\$50) or two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, whichever is greater...."

This Ordinance in accordance with the above-cited statutory language and PSC Rule produces a security deposit of \$70.00 (based on average residential usage of 4,000 gpm x 2 months) for residential customers. All other classes of customers will have their required deposit calculated in accordance with the above language in regards to average usage.

(C) Indicates change in text

SCHEDULE II

(N) SURCHARGE FORMULA TO BE APPLIED WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SANITARY SEWER SYSTEM

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

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

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

The Utility 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.

(N) Indicates new

SCHEDULE III

(N) SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual 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<sub>i</sub> = charge to unusual users per year
- V<sub>o</sub> = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
- V<sub>i</sub> = volume of waste water from unusual users, in gallons per year
- B<sub>o</sub> = average unit cost of treatment, chargeable to Biochemical, Oxygen Demand (BOD), in dollars per year
- B<sub>i</sub> = weight of BOD from unusual users, in pounds per year
- S<sub>o</sub> = average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
- S<sub>i</sub> = 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 costs of transport and treatment thereof, will be made. Waste containing material which, in the judgment of the Utility should not be introduced into the sewer system need not be handled by it. The results of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge thereof, 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 Utility 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 Utility, 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.

(N) Indicates new

SCHEDULE IV

(N) APPLICABLE INSIDE AND OUTSIDE OF THE LIMITS OF THE UTILITY

Where the amount of sanitary sewage discharged into the Utility's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and 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 Utility a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SCHEDULE V

(N) APPLICABILITY

Applicable within the entire territory served.

(N) AVAILABILITY

Available for wastewater and leachate haulers.

(N) RATES

Commodity Charge – Each customer shall pay a commodity charge of \$50.00 per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate. Actual capacity shall be determined, or verified solely, by the Utility.

(N) DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) 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.

(N) 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.

(N) Indicates new

**TOWN OF CHAPMANVILLE, a municipal utility**  
**OF**  
**CHAPMANVILLE, WEST VIRGINIA**  
**RATES, RULES AND REGULATIONS FOR FURNISHING**  
**SEWERAGE AND SEWAGE DISPOSAL SERVICE**  
**Chapmanville and vicinity, Logan County, West Virginia**

Filed with **THE PUBLIC SERVICE COMMISSION**  
of  
**WEST VIRGINIA**

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13 JUN 14 PM 1:44  
W. VA. PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

Issued March 4, 2013

Effective for service rendered on and after the date the project has been certified as substantially complete.

Adopted by Town Council  
on December 10, 2012.

Issued by **TOWN OF CHAPMANVILLE, a municipal utility**

By



**MAYOR**  
TITLE

- I. Rules and Regulations for the Government of Sewerage Utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereafter made by the Commission are hereby adopted by reference.**

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE:

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

(I) RATES

First	2,000 gallons used per month	\$14.00 per 1,000 gallons
Next	3,000 gallons used per month	\$10.00 per 1,000 gallons
Next	20,000 gallons used per month	\$10.00 per 1,000 gallons
Next	75,000 gallons used per month	\$10.00 per 1,000 gallons
Next	100,000 gallons used per month	\$ 5.00 per 1,000 gallons

(I) MINIMUM CHARGE (Customers with metered water supply)

Each customer shall pay a minimum charge of \$28.00 per month (Equivalent to 2,000 gallons of water usage)

(I) FLAT-RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of \$48.00 per month (Equivalent to 4,000 gallons of water usage)

DELAYED PAYMENT CHARGE:

The above schedule is net. On all current usage billings 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.

SEWER SERVICE CONNECTION CHARGE

\$350.00

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

(I) Indicates increase

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

**SCHEDULE I (Continued)**

**SEWER SERVICE CONNECTION CHARGE (Continued)**

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 Public Service Commission of West Virginia. This pre-construction tap fee will be invalid after the completion of construction adjacent to an 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), will be charged to all customers who apply for service outside of a certificate proceeding before the Public Service Commission of West Virginia for each new tap to the system.

**RETURNED CHECK CHARGE**

**\$25.00**

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.

**WATER DISCONNECT/RECONNECT FEES/ADMINISTRATIVE FEES**

Water service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of \$25.00 have been paid.

There shall be a \$25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that the Utility staff or agents of the Utility collect money at the customer's residence in order to stop disconnection, an administrative fee of \$25.00 shall be paid in addition to other charges to prevent disconnection.

**INCREMENTAL COSTS**

**\$5.00 per 1,000 gallons**

An amount not to exceed \$5.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the 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 non-discriminatory policy regarding this provision for leak adjustment.

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE I (Continued)

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.

SECURITY DEPOSIT

As of the date of the enactment of this Ordinance, the applicable provision of WV Code 16-13-16e is as follows:

"The governing body may collect from all new applicants for service a deposit of \$50 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, service may not be reconnected or reinstated by the governing body until another deposit equal to \$50 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the governing body. After twelve months of prompt payment history, the governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the governing body is not required to return the deposit until the time the tenant discontinues service with the governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent. The user is liable until all rates, fees and charges are fully paid. The governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of sewer facilities ten days after the sewer services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill."

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE I (Continued)

(I) SECURITY DEPOSIT (Continued)

As of the date of the enactment of this Ordinance, the applicable provision of the PSC's Rules and Regulations for the Government of Sewer Utilities, specifically, Rule 4.2.a.1 is as follows:

"...for a municipal sewer system only, the deposit shall not be more than either fifty dollars (\$50) or two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, whichever is greater...."

This Ordinance in accordance with the above-cited statutory language and PSC Rule produces a security deposit of \$96.00 (based on average residential usage of 4,000 gpm x 2 months) for residential customers. All other classes of customers will have their required deposit calculated in accordance with the above language in regards to average usage.

(I) Indicates increase

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE II

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

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

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

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

The Utility 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.

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE III

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual 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 waste water from unusual users, in gallons per year
- $B_o$  = average unit cost of treatment, chargeable to Biochemical, Oxygen Demand (BOD), in dollars per year
- $B_i$  = weight of BOD from unusual users, in pounds per year
- $S_o$  = average unit costs 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 costs of transport and treatment thereof, will be made. Waste containing material which, in the judgment of the Utility should not be introduced into the sewer system need not be handled by it. The results of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge thereof, 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 Utility 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 Utility, 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.

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE OF THE LIMITS OF THE UTILITY

Where the amount of sanitary sewage discharged into the Utility's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and 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 Utility a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SCHEDULE V

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for wastewater and leachate haulers.

RATES

*Commodity Charge* – Each customer shall pay a commodity charge of \$50.00 per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate. Actual capacity shall be determined, or verified solely, by the Utility.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) 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.

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.

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

**MINUTES OF COUNCIL MEETINGS REGARDING  
ALL READINGS AND PUBLIC HEARING  
OF THE SEWER AND WATER RATE ORDINANCE.**

**\*\*ON FILE WITH ISSUER\*\***

Public Service Commission  
Of West Virginia

201 Brooks Street, P. O. Box 812  
Charleston, West Virginia 25323



Phone: (304) 340-0300  
FAX: (304) 340-0325

August 12, 2013

H. Wyatt Hanna III, Esq.  
Counsel, Town of Chapmanville  
PO Box 8070  
South Charleston, WV 25303

03:36 PM AUG 12 2013 PSC EXEC SEC DIV

ORDW Chapmanville 13A

Re: RFA 13-056/W  
Town of Chapmanville  
Water Rate Ordinance

Dear Mr. Hanna:

The Town of Chapmanville's (Town) water rate ordinance adopted on July 8, 2013, and filed with the Public Service Commission (Commission) on July 12, 2013, has been referred by the Commission's Executive Secretary to the Commission's Legal Division for review. This letter will also confirm the Commission's receipt of the additional water rate ordinance information filed by the Town on August 6, 9 and 12, 2013.

Based upon my review of the Town's water rate ordinance information, the Town has met the appropriate West Virginia Code requirements and has met all of the other requirements under Rules 22.1 - 22.5 of the Commission's Rules for the Construction and Filing of Tariffs (C.S.R. §150-2-22).

In conclusion, the Town's adopted water rate ordinance was held by the Commission's Executive Secretary until the expiration of the statutory thirty (30) day protest period. This protest period started from the Town's adoption date of July 8, 2013, and ended on August 7, 2013.

RFA 13-056/W  
August 12, 2013  
Page 2

03:36 PM AUG 12 2013 PSC EXEC SEC DIV

Based upon my review of the Commission's files, there have been no protests filed against the Town's water rate ordinance. Therefore, the Town's adopted water rate ordinance will be forwarded to the Commission's Tariff Officer, Ms. Amber Cross, for processing. These new rates would become effective on and after August 22, 2013, (45 days following the adoption date of July 8, 2013) based upon state law and as stated in the Town's water ordinance. If you should have any questions, please do not hesitate to contact me at your convenience.

Sincerely,



RONALD E. ROBERTSON, JR.

Staff Attorney

(304)340-0336

State Bar I.D. No. 4658

RER/cm

cc: Sandra Squire, Executive Secretary  
Caryn Watson Short, Director, Legal Division  
Amber Cross, Tariff Officer

H:\RRobertson\Chapmanvillew.Ord.Docx

P.S.C. W. Va. No. 7  
Canceling P.S.C. W. Va. No. 6

ORDW Chapmanville 13A

**TOWN OF CHAPMANVILLE, a municipal corporation**

OF

CHAPMANVILLE, WEST VIRGINIA

**RATES, RULES AND REGULATIONS FOR FURNISHING**

**WATER**

AT

Chapmanville and vicinity, Logan County, West Virginia

Filed with **THE PUBLIC SERVICE COMMISSION**  
of  
**WEST VIRGINIA**

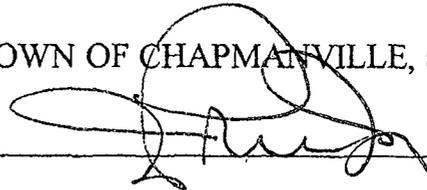
Issued August 26, 2013

Effective for all rates and charges on and after  
August 22, 2013 or as otherwise provided herein

Adopted by Town Council  
on July 8, 2013.

Issued by TOWN OF CHAPMANVILLE, a public utility

By \_\_\_\_\_



\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

II. Where multiple service is rendered through one meter (or service connection) the minimum charge shall be multiplied by the number of families, stores, offices and/or establishments receiving water from each connection.

(C) APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY OF SERVICE

Available for residential, commercial, governmental, industrial and sale for resale water service.

(C) RATES (Customers with metered water supply)

(I)	First	2,000	gallons used per month	\$9.11 per 1,000 gallons
(I)	Next	25,000	gallons used per month	\$6.06 per 1,000 gallons
(I)	Next	75,000	gallons used per month	\$4.20 per 1,000 gallons
(C,I)	All Over	102,000	gallons used per month	\$3.29 per 1,000 gallons
	Resale			\$1.65 per 1,000 gallons

(M)

(O)

MINIMUM CHARGE

(C) Each customer shall pay a minimum charge of \$18.22 per month (Equivalent to 2,000 gallons of water usage)

(I)	5/8	inch meter	\$ 18.22 per month
(N)	3/4	inch meter	\$ 27.33 per month
(I)	1	inch meter	\$ 45.55 per month
(I)	1- 1/4	inch meter	\$ 66.50 per month
(I)	1- 1/2	inch meter	\$ 91.10 per month
(I)	2	inch meter	\$ 145.76 per month
(D)	3	inch meter	\$ 273.30 per month
(D)	4	inch meter	\$ 455.50 per month
(I)	6	inch meter	\$ 911.00 per month
(I)	8	inch meter	\$1,457.60 per month

(C) Indicates change in text

(I) Indicates increase

(M) Indicates moved

(O) Indicates omission

(N) Indicates new

(D) Indicates decrease

- (N) FLAT-RATE CHARGE (Customers with non-metered water supply)  
Equivalent to 4,000 gallons of water usage      \$30.34 per month

(C) DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

(C,I) SERVICE CONNECTION CHARGE

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 Public Service Commission of West Virginia. This pre-construction tap fee will be invalid after the completion of construction adjacent to an 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 Public Service Commission of West Virginia for each new tap to the system.

FIRE FEE SERVICE CHARGE:

Available for public fire protection.

The Town of Chapmanville shall pay a public fire service charge of \$12,000.00 per annum, payable in twelve (12) equal monthly payments.

(O)

(C,I) 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.

- (N) Indicates new  
(C) Indicates change in text  
(I) Indicates increase  
(O) Indicates omission

(C,I) WATER DISCONNECT/RECONNECT FEES/ADMINISTRATIVE FEES:

Water service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a disconnection charge of \$25.00 have been paid.

There shall be a \$25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that the Utility staff or agents of the Utility collect money at the customer's residence in order to stop disconnection, an administrative fee of \$25.00 shall be paid in addition to the other charges to prevent disconnection.

Service calls after regular hours (Monday – Friday after 4PM and anytime on holidays and weekends) will be \$25.00, plus employee hourly overtime rate shall apply if determined to be on the customer side of the meter.

(C,I) INCREMENTAL COSTS: \$3.29 per 1,000 gallons

An amount not to exceed \$3.29 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the 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 non-discriminatory policy regarding this provision for leak adjustments.

(N) 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.

- (C) Indicates change in text
- (I) Indicates increase
- (N) Indicates new

(C) DEPOSIT:

As of the date of the enactment of this Ordinance, the applicable provision of WV Code 8-19-12a(a) is as follows:

“The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of \$50 or two twelfths of the average annual usage of the applicant’s specific customer class, whichever is greater, to secure the payment of water service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, service may not be reconnected or reinstated by the governing body until another deposit equal to \$50 or a sum equal to two twelfths of the average usage for the applicant’s specific customer class, whichever is greater, is remitted to the governing body. After twelve months of prompt payment history, the governing body shall return the deposit to the customer or credit the customer’s account with interest at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the governing body is not required to return the deposit until the time the tenant discontinues service with the governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent. The user is liable until all rates, fees and charges are fully paid. The governing body may, under reasonable rules promulgated by the Public Service commission, shut off and discontinue water services to a delinquent user of sewer facilities ten days after the sewer services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the governing body to accept payment at the customer’s premises in lieu of discontinuing service for a delinquent bill.”

As of the date of the enactment of this Ordinance, the applicable provision of the PSC’s Rules and Regulations for the Government of Water Utilities, specifically, Rule 4.2.a.1 is as follows:

“...for a municipal sewer system only, the deposit shall not be more than either fifty dollars (\$50) or two-twelfths (2/12) of the average annual usage of the applicant’s specific customer class, whichever is greater...”

This Ordinance in accordance with the above-cited statutory language and PSC water rule produces a security deposit of \$60.68 (based on 4,000 gpm x 2 months) for residential customers. All other classes of customers will have their required deposit calculated in accordance with the above language in regards to average usage.

(C) Indicates change in text

Public Service Commission  
Of West Virginia

201 Brooks Street, P. O. Box 812  
Charleston, West Virginia 25323



Phone: (304) 340-0300  
FAX: (304) 340-0325

02:28 PM FEB 14 2013 PSC EXEC SEC DIV

February 14, 2013

H. Wyatt Hanna III, Esq.  
Counsel, Town of Chapmanville  
PO Box 8070  
South Charleston, WV 25303

ORDS Chapmanville 12A

Re: RFA 12-113/W  
Town of Chapmanville's  
Sewer Rate Ordinance

Dear Mr. Hanna:

The Town of Chapmanville's (Town) sewer rate ordinance adopted on December 10, 2012, and filed with the Public Service Commission (Commission) on December 12, 2012, has been referred by the Commission's Executive Secretary to the Commission's Legal Division for review. This letter will also confirm the Commission's receipt of the additional sewer rate ordinance information filed by the Town on January 7 and February 14, 2013.

Based upon my review of the Town's sewer rate ordinance information, the Town has met the appropriate West Virginia Code requirements and has met all of the other requirements under Rules 22.1 - 22.5 of the Commission's Rules for the Construction and Filing of Tariffs (C.S.R. §150-2-22).

In conclusion, the Town's adopted sewer rate ordinance was held by the Commission's Executive Secretary until the expiration of the statutory thirty (30) day protest period. This protest period started from the Town's adoption date of December 10, 2012, and ended on January 9, 2013.

Based upon my review of the Commission's files, there have been no protests filed against the Town's sewer rate ordinance. Therefore, the Town's adopted sewer rate ordinance will be forwarded to the Commission's Tariff Officer, Ms. Amber Cross, for processing. The Phase I rates would become effective on and after February 2, 2013, (45 days following the adoption date of December 10, 2012) based upon state law; and the

02:28 PM FEB 14 2013 PSC EXEC SEC DI

RFA 12-113/W  
February 14, 2013  
Page 2

Phase II rates would become effective on and after substantial sewer project completion or commencement of project debt service as stated in the Town's ordinance. If you should have any questions, please do not hesitate to contact me at your convenience.

Sincerely,

  
RONALD E. ROBERTSON, JR.  
Staff Attorney  
(304)340-0336  
State Bar I.D. No. 4658

RER/cm

cc: Sandra Squire, Executive Secretary  
Caryn Watson Short, Director, Legal Division  
Amber Cross, Tariff Officer

H:\ROBERTSON\CHAPMANVILLES.ORD.DOCX

RECEIVED

ORDS Chapmanville 12A

13 JUN 14 PM 1:43

W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

P.S.C. W. Va. No. 6  
Canceling P.S.C. W. Va. No 5

TOWN OF CHAPMANVILLE, a municipal utility

OF

CHAPMANVILLE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

Chapmanville and vicinity, Logan County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION  
of  
WEST VIRGINIA

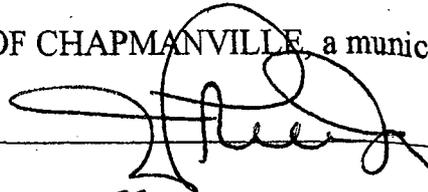
Issued March 4, 2013

Effective for service rendered on and after January 24, 2013  
or as otherwise provided herein

Adopted by Town Council  
on December 10, 2012.

Issued by TOWN OF CHAPMANVILLE, a municipal utility

By



MAYOR  
TITLE

CHAPMANVILLE, TOWN OF (Sewer)

P.S.C. W.Va. **Tariff No. 6**  
**Original Sheet No. 1**

- I. Rules and Regulations for the Government of Sewerage Utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereafter made by the Commission are hereby adopted by reference.

SCHEDULE I

(C) APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY OF SERVICE:

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

(I) RATES

First	2,000 gallons used per month	\$10.00 per 1,000 gallons
Next	3,000 gallons used per month	\$ 7.50 per 1,000 gallons
Next	20,000 gallons used per month	\$ 6.50 per 1,000 gallons
Next	75,000 gallons used per month	\$ 5.00 per 1,000 gallons
Next	100,000 gallons used per month	\$ 4.00 per 1,000 gallons

(M)  
(O)

(C,I) MINIMUM CHARGE (Customers with metered water supply)

Each customer shall pay a minimum charge of \$20.00 per month (Equivalent to 2,000 gallons of water usage)

(C,I) FLAT-RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of \$35.00 per month (Equivalent to 4,000 gallons of water usage)

(C) DELAYED PAYMENT CHARGE:

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) 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.

- (C) Indicates change in text
- (I) Indicates increase
- (M) Indicates moved
- (O) Indicates omission

SCHEDULE I (Continued)

(C,I) SEWER SERVICE CONNECTION CHARGE \$350.00  
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 Public Service Commission of West Virginia. This pre-construction tap fee will be invalid after the completion of construction adjacent to an 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), will be charged to all customers who apply for service outside of a certificate proceeding before the Public Service Commission of West Virginia for each new tap to the system.

(C,I) RETURNED CHECK CHARGE \$25.00  
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.

(C,I) WATER DISCONNECT/RECONNECT FEES/ADMINISTRATIVE FEES  
Water service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of \$25.00 have been paid.

There shall be a \$25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that the Utility staff or agents of the Utility collect money at the customer's residence in order to stop disconnection, an administrative fee of \$25.00 shall be paid in addition to other charges to prevent disconnection.

(C,I) INCREMENTAL COSTS \$5.00 per 1,000 gallons  
An amount not to exceed \$5.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the 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 non-discriminatory policy regarding this provision for leak adjustment.

(C) Indicates change in text  
(I) Indicates increase

SCHEDULE I (Continued)(N) 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.

(C) SECURITY DEPOSIT

As of the date of the enactment of this Ordinance, the applicable provision of WV Code 16-13-16e is as follows:

"The governing body may collect from all new applicants for service a deposit of \$50 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, service may not be reconnected or reinstated by the governing body until another deposit equal to \$50 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the governing body. After twelve months of prompt payment history, the governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the governing body is not required to return the deposit until the time the tenant discontinues service with the governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent. The user is liable until all rates, fees and charges are fully paid. The governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of sewer facilities ten days after the sewer services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill."

(N) Indicates new

(C) Indicates change in text

SCHEDULE I (Continued)

(C) SECURITY DEPOSIT (Continued)

As of the date of the enactment of this Ordinance, the applicable provision of the PSC's Rules and Regulations for the Government of Sewer Utilities, specifically, Rule 4.2.a.1 is as follows:

"...for a municipal sewer system only, the deposit shall not be more than either fifty dollars (\$50) or two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, whichever is greater...."

This Ordinance in accordance with the above-cited statutory language and PSC Rule produces a security deposit of \$70.00 (based on average residential usage of 4,000 gpm x 2 months) for residential customers. All other classes of customers will have their required deposit calculated in accordance with the above language in regards to average usage.

(C) Indicates change in text

SCHEDULE II

(N) SURCHARGE FORMULA TO BE APPLIED WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SANITARY SEWER SYSTEM

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

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

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

The Utility 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.

(N) Indicates new

SCHEDULE III

(N) SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual 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<sub>i</sub> = charge to unusual users per year
- V<sub>o</sub> = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
- V<sub>i</sub> = volume of waste water from unusual users, in gallons per year
- B<sub>o</sub> = average unit cost of treatment, chargeable to Biochemical, Oxygen Demand (BOD), in dollars per year
- B<sub>i</sub> = weight of BOD from unusual users, in pounds per year
- S<sub>o</sub> = average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
- S<sub>i</sub> = 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 costs of transport and treatment thereof, will be made. Waste containing material which, in the judgment of the Utility should not be introduced into the sewer system need not be handled by it. The results of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge thereof, 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 Utility 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 Utility, 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.

(N) Indicates new

SCHEDULE IV

(N) APPLICABLE INSIDE AND OUTSIDE OF THE LIMITS OF THE UTILITY

Where the amount of sanitary sewage discharged into the Utility's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and 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 Utility a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SCHEDULE V

(N) APPLICABILITY

Applicable within the entire territory served.

(N) AVAILABILITY

Available for wastewater and leachate haulers.

(N) RATES

Commodity Charge – Each customer shall pay a commodity charge of **\$50.00** per 1,000 gallons per load. Load will be the **actual capacity** of the truck or other transport method delivering wastewater and leachate. Actual capacity shall be determined, or verified solely, by the Utility.

(N) DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) 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.

(N) 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.

(N) Indicates new

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SUPPLEMENT NO. 1 TO P.S.C. W. Va. No. 6

W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

TOWN OF CHAPMANVILLE, a municipal utility

OF

CHAPMANVILLE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING  
SEWERAGE AND SEWAGE DISPOSAL SERVICE

Chapmanville and vicinity, Logan County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION  
of  
WEST VIRGINIA

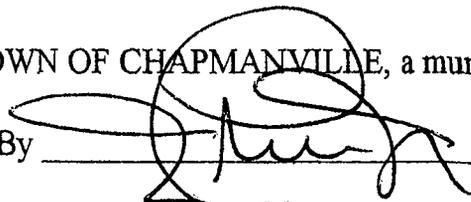
Issued March 4, 2013

Effective for service rendered on and after the date the  
project has been certified as substantially complete.

Adopted by Town Council  
on December 10, 2012.

Issued by TOWN OF CHAPMANVILLE, a municipal utility

By



MAYOR

TITLE

- I. Rules and Regulations for the Government of Sewerage Utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereafter made by the Commission are hereby adopted by reference.

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE:

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

(I) RATES

First	2,000 gallons used per month	\$14.00 per 1,000 gallons
Next	3,000 gallons used per month	\$10.00 per 1,000 gallons
Next	20,000 gallons used per month	\$10.00 per 1,000 gallons
Next	75,000 gallons used per month	\$10.00 per 1,000 gallons
Next	100,000 gallons used per month	\$ 5.00 per 1,000 gallons

(I) MINIMUM CHARGE (Customers with metered water supply)

Each customer shall pay a minimum charge of \$28.00 per month (Equivalent to 2,000 gallons of water usage)

(I) FLAT-RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of \$48.00 per month (Equivalent to 4,000 gallons of water usage)

DELAYED PAYMENT CHARGE:

The above schedule is net. On all current usage billings 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.

SEWER SERVICE CONNECTION CHARGE

\$350.00

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

- (I) Indicates increase

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE I (Continued)SEWER SERVICE CONNECTION CHARGE (Continued)

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 Public Service Commission of West Virginia. This pre-construction tap fee will be invalid after the completion of construction adjacent to an 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), will be charged to all customers who apply for service outside of a certificate proceeding before the Public Service Commission of West Virginia for each new tap to the system.

RETURNED CHECK CHARGE

\$25.00

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.

WATER DISCONNECT/RECONNECT FEES/ADMINISTRATIVE FEES

Water service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of \$25.00 have been paid.

There shall be a \$25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that the Utility staff or agents of the Utility collect money at the customer's residence in order to stop disconnection, an administrative fee of \$25.00 shall be paid in addition to other charges to prevent disconnection.

INCREMENTAL COSTS

\$5.00 per 1,000 gallons

An amount not to exceed \$5.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the 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 non-discriminatory policy regarding this provision for leak adjustment.

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE I (Continued)EFT, ACH, CREDIT CARD AND DROP BOX PAYMENTS

A service change 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.

SECURITY DEPOSIT

As of the date of the enactment of this Ordinance, the applicable provision of WV Code 16-13-16e is as follows:

"The governing body may collect from all new applicants for service a deposit of \$50 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, service may not be reconnected or reinstated by the governing body until another deposit equal to \$50 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the governing body. After twelve months of prompt payment history, the governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the governing body is not required to return the deposit until the time the tenant discontinues service with the governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent. The user is liable until all rates, fees and charges are fully paid. The governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of sewer facilities ten days after the sewer services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill."

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

**Supplement No. 1** will become effective when the project is certificated to be substantially complete.

SCHEDULE I (Continued)

(I) SECURITY DEPOSIT (Continued)

As of the date of the enactment of this Ordinance, the applicable provision of the PSC's Rules and Regulations for the Government of Sewer Utilities, specifically, Rule 4.2.a.1 is as follows:

"...for a municipal sewer system only, the deposit shall not be more than either fifty dollars (\$50) or two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, whichever is greater...."

This Ordinance in accordance with the above-cited statutory language and PSC Rule produces a security deposit of \$96.00 (based on average residential usage of 4,000 gpm x 2 months) for residential customers. All other classes of customers will have their required deposit calculated in accordance with the above language in regards to average usage.

(I) Indicates increase

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

**Supplement No. 1** will become effective when the project is certificated to be substantially complete.

SCHEDULE II

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

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

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

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

The Utility 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.

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE IIISURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual 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 waste water from unusual users, in gallons per year  
 $B_o$  = average unit cost of treatment, chargeable to Biochemical, Oxygen Demand (BOD), in dollars per year  
 $B_i$  = weight of BOD from unusual users, in pounds per year  
 $S_o$  = average unit costs 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 costs of transport and treatment thereof, will be made. Waste containing material which, in the judgment of the Utility should not be introduced into the sewer system need not be handled by it. The results of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge thereof, 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 Utility 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 Utility, 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.

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE OF THE LIMITS OF THE UTILITY

Where the amount of sanitary sewage discharged into the Utility's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and 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 Utility a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SCHEDULE V

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for wastewater and leachate haulers.

RATES

Commodity Charge – Each customer shall pay a commodity charge of **\$50.00** per 1,000 gallons per load. Load will be the **actual capacity** of the truck or other transport method delivering wastewater and leachate. Actual capacity shall be determined, or verified solely, by the Utility.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) 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.

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.

Adopted by Town Council on December 10, 2012, to become effective upon substantial completion of the Town's wastewater improvement project or commencement of the project debt service.

**Supplement No. 1** will become effective when the project is certificated to be substantially complete.

TOWN OF CHAPMANVILLE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF CHAPMANVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,550,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any order or resolution supplemental hereto or amendatory hereof, the “Bond Legislation”) is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the “Act”), and other applicable provisions of law.

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

A. The Town of Chapmanville, West Virginia (the “Issuer”) is a municipal corporation and political subdivision of the State of West Virginia in Logan County of said State. The Issuer presently owns and operates a public combined waterworks and sewerage system (together with the Project, as hereinafter defined, and any other further additions or extensions, the “System”).

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the System of the Issuer, consisting of replacement of 1.9 miles of 10 inch or smaller water

mains, demolition of 2 existing 100,000 gallon storage tanks, restoration and painting of an existing 300,000 gallon storage tank, construction of one 200,000 gallon storage tank and installation of all necessary valves, hydrants, meters and appurtenances, and other upgrades and improvements to the existing System (as hereinafter defined), together with all appurtenant facilities (collectively, the "Project"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the BPH.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the Drinking Water Treatment Revolving Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in one series being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) in an amount not to exceed \$1,550,000 (the "Series 2014 A Bonds"), 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; interest, if any, upon the Series 2014 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (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 Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2014 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 2014 A Bonds or the repayment of indebtedness incurred by the issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2014 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority on behalf of the West Virginia Bureau of Public Health (the "BPH"), the agreement in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2014 A Bonds as to liens, pledge, source of and security for payment, being the

(i) Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), dated August 24, 1999, issued in the original principal amount of \$140,000 (the "Series 1999 A Bonds"); and (ii) Combined Water and Sewer System Design Revenue Bonds, Series 2013 A (West Virginia CWSRF Program), dated December 12, 2013, issued in the original principal amount of \$400,000 (the "Series 2013 A Bonds", and together with the Series 1999 A Bonds, the "First Lien Bonds"), and senior and prior to the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 B, dated March 25, 1986, issued in the original principal amount of \$99,740 (the "Series 1986 B Bonds"). The Series 1986 B Bonds, the Series 1999 A Bonds and the Series 2013 A Bonds are hereinafter collectively called the "Prior Bonds." Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by Revenues or assets of the System.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2014 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2014 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 Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and the necessary user rates and charges described herein 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 2014 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2014 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 Registered Owners, 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 2014 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, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

“Act” means, collectively, Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

“Administrative Fee” means any administrative fee required to be paid under the Loan Agreement for the Series 2014 A Bonds.

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2014 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 BPH under the Act.

“Authorized Officer” means the Mayor of the Issuer.

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

“Bond Legislation,” “Ordinance,” “Bond Ordinance” or “Local Act” means this Bond Ordinance and all 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 2014 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

“BPH” means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any other agency, board or department of the State that succeeds the function of the BPH.

“Closing Date” means the date upon which there is an exchange of the Series 2014 A Bonds for all or a portion of the proceeds of the Series 2014 A Bonds from the Authority.

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

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

“Consulting Engineers” means E.L. Robinson Engineering Company, 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 I of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

“Council” means the West Virginia Infrastructure and Jobs Development Council.

“Cross Cutter Authorities” means federal laws and authorities that apply their terms to projects or authorities receiving federal assistance.

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

“DWTRF Program” means the State’s Drinking Water Treatment 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.

“DWTRF Regulations” means the regulations for the West Virginia DWTRF Program set forth in Title 64, Part 49 of the West Virginia Code of State Regulations.

“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 Town Council, 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).

“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 Chapmanville, a municipal corporation organized and existing under the laws of the State of West Virginia in Logan County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Loan Agreement” means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority on behalf of the BPH, providing for the purchase of the Series 2014 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.

“Mayor” means the Mayor of the Issuer.

“Net Proceeds” means the face amount of the Series 2014 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts.

“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 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 designated as such for the Series 2014 A Bonds in the Supplemental Resolution.

“Prior Bonds” means, collectively, the Series 1986 B Bonds, the Series 1999 A Bonds, and the Series 2013 A Bonds.

“Prior Bonds Reserve Accounts” means, collectively, the respective reserve accounts created for the Prior Bonds, as more fully described and defined in the Prior Ordinances.

“Prior Ordinances” means, collectively, the Ordinances authorizing the Prior Bonds.

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

“PSC” means the Public Service Commission of West Virginia and any successor to the functions thereof.

“PSC Order” means the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project.

“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.

“Registrar” means the Bond Registrar.

“Regulations” means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

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

“Reserve Accounts” means the reserve accounts established for the Series 2014 A Bonds and the Prior Bonds.

“Reserve Requirements” means the amount required to be on deposit in the Reserve Account of the Series 2014 A Bonds and the Prior Bonds, if any.

“Revenue Fund” means the Revenue Fund established by the Prior Ordinance and continued by Section 5.01 hereof.

“Series 1986 B Bonds” means the Issuer’s Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 B, dated March 25, 1986, issued in the original principal amount of \$99,740.

“Series 1999 A Bonds” means the Issuer’s Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), dated August 24, 1999, issued in the original principal amount of \$140,000.

“Series 2013 A Bonds” means the Issuer’s Combined Water and Sewer System Design Revenue Bonds, Series 2013 A (West Virginia CWSRF Program), dated December 12, 2013, issued in the original principal amount of \$400,000.

“Series 2014 A Ordinance” or “Ordinance” means the Ordinance authorizing the Series 2014 A Bonds.

“Series 2014 A Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), of the Issuer, authorized by this Ordinance.

“Series 2014 A Bonds Construction Trust Fund” means the Series 2014 A Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2014 A Bonds Reserve Account” means the Series 2014 A Bonds Reserve Account established by Section 5.02 hereof

“Series 2014 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2014 A Bonds in the then current year or any succeeding year.

“Series 2014 A Bonds Sinking Fund” means the Series 2014 A Bonds Sinking Fund established by Section 5.02 hereof.

“Sinking Funds” means the Sinking Funds established for the Series 2014 A Bonds and the Prior Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2014

A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2014 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 Series 2014 A Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

“System” means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part, and shall include the Project and any additions, improvements, and extensions constructed or acquired for said system from any source whatsoever.

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

“Town Council” shall mean the Town Council of the Issuer.

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, Construction and Installation of the Project. There is hereby authorized and ordered the acquisition, construction and installation of the Project, at an estimated cost of not to exceed \$3,005,000, 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 2014 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the BPH.

The cost of the Project is estimated not to exceed \$3,005,000, of which an amount not to exceed \$1,550,000 will be obtained from proceeds of the Series 2014 A Bonds and an amount up to \$1,500,000 will be obtained from proceeds of a Small Cities Block Grant.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2014 A Bonds, funding the respective Reserve Accounts for the Series 2014 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2014 A Bonds 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 negotiable Series 2014 A Bonds of the Issuer. The Series 2014 A Bonds shall be issued in one series, as a single bond, designated as the “Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program),” in the principal amount not to exceed \$1,550,000, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2014 A Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest, if any, on the Series 2014 A Bonds, if any, shall be deposited in or credited to the Series 2014 A Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2014 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 rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2014 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 on the Series 2014 A Bonds, if any, shall be paid by check or draft of the Paying 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 2014 A Bonds shall be issued in the form of a single bond, for each series fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2014 A Bonds. The Series 2014 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 bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2014 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 2014 A Bonds shall cease to be such officer of the Issuer before the Series 2014 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 2014 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 such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2014 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2014 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 forms 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 2014 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 2014 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 2014 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 such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2014 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 Bonds.

The registered Series 2014 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 2014 A Bonds or transferring the registered Series 2014 A Bonds are exercised, all Series 2014 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2014 A Bonds

surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2014 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 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2014 A Bonds or, in the case of any proposed redemption of Series 2014 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 2014 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 2014 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2014 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2014 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues: Lien Positions with Respect to Prior Bonds. The payments required by the Series 2014 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien of Net Revenues in favor of the Registered Owners of the Series 2012 A Bonds and the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2014 A Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2014 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2014 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 2014 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 2014 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2014 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2014 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:

(FORM OF SERIES 2014 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,  
SERIES 2014 A  
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

\$\_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: The \_\_\_\_ day of \_\_\_\_\_, 2014, that the TOWN OF CHAPMANVILLE, a municipal corporation organized and existing under the laws of the State of West Virginia in Logan 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 Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_, as set forth on said EXHIBIT B.

This Bond shall bear interest at the rate of 0.5% per annum. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau of Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the BPH, dated \_\_\_\_\_, 2014.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further improvements or extensions thereto

are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2014 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA CLEAN WATER SRF PROGRAM), DATED AUGUST 24, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$140,000 (THE "SERIES 1999 A BONDS") AND (2) COMBINED WATER AND SEWER SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA CWSRF PROGRAM), DATED DECEMBER 12, 2013, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$400,000 (THE "SERIES 2013 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUPPLEMENTAL SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986 B, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$99,740 (THE "SERIES 1986 B BONDS").

The Series 1986 B Bonds, the Series 1999 A Bonds and the Series 2013 A Bonds are herein collectively called the "Prior Bonds."

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 A Bonds and the Series 2013 A Bonds and senior and prior to the Series 1986 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2014 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 shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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, except from said special fund provided from the Net Revenues, the monies in the Series 2014 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 prior to or on a parity with the Bonds, including the Prior Bonds. 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 United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

**IN WITNESS WHEREOF, THE TOWN OF CHAPMANVILLE** has caused this Bond to be signed by its Mayor and its corporate seal, if any, 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 2014 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: \_\_\_\_\_, 2014.

**UNITED BANK, INC.,  
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: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2014 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority a schedule setting forth the actual costs of the Project and sources of funds.

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 (or continued) 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 2014 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 1986 B Bonds Sinking Fund (established by Prior Ordinance);
- (2) Series 1986 B Bonds Reserve Account (established by Prior Ordinance);
- (3) Series 1999 A Bonds Sinking Fund (established by Prior Ordinance);
- (4) Series 1999 A Bonds Reserve Account (established by Prior Ordinance);
- (5) Series 2013 A Bonds Sinking Fund (established by Prior Ordinance);
- (6) Series 2013 A Bonds Reserve Account (established by Prior Ordinance);
- (7) Series 2014 A Bonds Sinking Fund; and
- (8) Series 2014 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 herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission, commencing 4 months prior to the first date of payment of interest of the Series 2014 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2014 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest, if any, which will become due on the Series 2014 A Bonds on the next ensuing quarterly interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2014 A Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1999 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 1999 A Bonds; (ii) the Series 2013 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 2013 A Bonds; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2014 A Bonds, for deposit in the Series 2014 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal, if any, which will mature and become due on the Series 2014 A Bonds on the next ensuing quarterly principal payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2014 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1999 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) the Series 2013 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein, and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2014 A Bonds, if not fully funded upon issuance of the Series 2014 A Bonds, for deposit in the Series 2014 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2014 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2014 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 2014 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all

other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency 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 account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bond Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 1986 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bond Reserve Account, the amount required by the Prior Ordinances to be deposited therein.

After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2014 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2014 A Bonds, as the same shall become due. Monies in the Series 2014 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2014 A Bonds, as the same shall come due, when other monies in the Series 2014 A Bonds Sinking Fund, are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2014 A Bonds Sinking Fund and the Series 2014 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 2014 A Bond 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 2014 A Bonds, and then to the next ensuing principal payment, if any, due thereon, all on a pro rata basis.

Any withdrawals from the Series 2014 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2014 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 order set forth above.

As and when additional Bonds ranking on a parity with the Series 2014 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and principal on such additional

parity Bonds to accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2014 A Bonds Sinking Fund and the Series 2014 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2014 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 2014 A Bonds Sinking Fund and the Series 2014 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2014 A Bonds Sinking Fund and the Series 2014 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2014 A Bonds Sinking Fund and the Series 2014 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2014 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 principal, interest and reserve account payments, if any, with respect to the Series 2014 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2014 A Bonds.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required

by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the respective parties 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 at 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 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. The Gross Revenues of the System shall only be used for purposes of the System.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds: Pledge of Unexpended Proceeds. From the monies received from the sale of the Series 2014 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2014 A Bonds, there shall first be deposited with the Commission in the Series 2014 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2014 A Bonds for the period commencing on the date of issuance of the Series 2014 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2014 A Bonds, there shall be deposited with the Commission in the Series 2014 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2014 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2014 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2014 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2014 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 2014 A Bonds shall be applied as directed by the BPH.

### Section 6.02. Disbursements From the Bond Construction Trust Fund.

On or before the Closing Date, the Issuer shall have delivered to the BPH and the Authority a report listing the specific purposes for which the proceeds of the Series 2014 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2014 A Bonds Construction Trust Fund shall be made only after submission to and approval from the BPH of the following: (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 2014 A Bonds, in compliance with the construction schedule; (2) a certificate signed by an Authorized Officer and the Consulting Engineers, stating that: (a) none of the items for which the payment is proposed to be made has formed the basis for any disbursements heretofore made; (b) each item for which payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of

the Project: (c) each of such costs has been otherwise properly incurred; and (d) payment for each of the items proposed is due and owing.

Pending such application, monies in the Bond 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 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 2014 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 2014 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 2014 A Bonds shall not be nor constitute an 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 Registered Owner of the Series 2014 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2014 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payments required by the Series 2014 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien of such Net Revenues in favor of the Holders of the Series 1999 A Bonds and the Series 2013 A Bonds, and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2014 A Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of 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 shall provide an opinion of counsel to the Issuer of such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect.

So long as the Series 2014 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 Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2014 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and

charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2014 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the BPH and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 2014 A Bonds, immediately be remitted to the Commission for deposit in the Renewal and Replacement Fund, and, with the written permission of the BPH and 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 2014 A Bonds. Any balance remaining after the payment of the Series 2014 A Bonds and 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, 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 in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

**Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances.** Except as provided 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 2014 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2014 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, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2014 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2014 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2014 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the BPH and the Authority 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, or any other obligations related to the Project or the System.

**Section 7.07. Parity Bonds.** So long as the Prior Bonds and the Series 2014 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances and the Series 2014 A Ordinance shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2014 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the BPH and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2014 A Bonds.

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

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary 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 expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds,

if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

The “estimated average increased annual Net Revenues expected 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 adopted by the Issuer, the time for appeal of which shall have expired 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 Secretary prior to the issuance of such Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2014 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2014 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 BPH and the Authority, 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 BPH and the Authority 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 BPH and the Authority, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

The Issuer shall file with the BPH, the Authority, or any other original purchaser of the Series 2014 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2014 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 and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2014 A Bonds, and shall submit said report to the BPH and the Authority, or any other original purchaser of the Series 2014 A Bonds. Such audit report submitted to the BPH and the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the BPH and the Authority, 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 of the Project, the Issuer shall also provide the BPH and the Authority, 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 BPH and the Authority with respect to the System pursuant to the Act.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Loan Agreement for the Series 2014 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2014 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, 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 2014 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 2014 A Bonds, including the Prior Bonds; provided, that in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2014 A Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 2014 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2014 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 2014 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

**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 BPH 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 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 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 to the BPH and the Authority and to any Holder of any Bonds, within 30 days of adoption thereof, 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 BPH and the Authority and to any Holder of any Bonds, or anyone acting for and on 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 respective Loan Agreements, and forward a copy of such report to the BPH and the Authority by the 10<sup>th</sup> day of each month.

**Section 7.11. Engineering Services and Operating Personnel.** The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with

the approved plans, specifications and designs as submitted to the BPH and the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the BPH and the Authority 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 BPH and the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the BPH and the Authority, 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 Record Drawings, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 2014 A Bonds as Exhibit A, to the BPH 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 Site Regulations, to the BPH when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

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

The Issuer will serve the additional customers at the location(s) set forth in the Certificate of Engineer. The Issuer will 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 will certify 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 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of any 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 or sewer facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water and sewer providers, 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. Except as required by law, 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 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes

provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the 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) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' 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 BPH and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion 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 PSC, 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 will 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 and all orders and approvals, if required, from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

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 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2014 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2014 A Bonds and shall be on a parity with the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the issuer will provide the BPH with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations, the applicable Cross Cutter Authorities and all applicable local ordinances issued by the BPH, the Authority or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Reserved.

Section 7.22. Contracts; Change Orders, Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2014 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 BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2014 A Bonds held in “contingency” as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the BPH before expending any proceeds of the Series 2014 A Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

### INVESTMENT OF FUNDS

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

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

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 2014 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2014 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 2014 A Bonds as a condition to issuance of the Series 2014 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 2014 A Bonds as may be necessary in order to maintain the status of the Series 2014 A Bonds as public purpose 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 2014 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 BPH, as the case may be, from which the proceeds of the Series 2014 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 BPH, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2014 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 2014 A Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2014 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 2014 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2014 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, Registrar or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with the Prior Bonds or the Series 2014 A Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided, that all rights and remedies of the Holders of the Series 2014 A Bonds shall be on a parity with the Holders of the Prior Bonds.

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

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

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

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

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

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

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2014 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of 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 2014 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 2014 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 2014 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2014 A Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2014 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2014 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 thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefore without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of 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 2014 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 2014 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 2014 A Bonds.

Section 11.04. Headings. 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 orders or resolutions, 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 Chairman, Secretary 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, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least 6 full days intervening between each publication, in the The Logan Banner, a qualified newspaper published and of general circulation in the Town of Chapmanville, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2014 A Bonds, and that any person interested may appear before the Town Council upon a certain date, not less than 10 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 Issuer for review by interested persons during office hours of the Issuer. The Town Council hereby determines that the abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Town Council shall take such action as it shall deem proper in the premises.

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

First Reading:	February 10, 2014
Second Reading:	April 15, 2014
Final Reading/Public Hearing:	May 12, 2014

[Remainder of Page Intentionally Blank]

Enacted this 12<sup>th</sup> day of May, 2014.



Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly adopted by the Town Council of the TOWN OF CHAPMANVILLE on the 12<sup>th</sup> day of May, 2014.

Dated: May 12, 2014.

[SEAL]

  
Recorder

**EXHIBIT A**

**Loan Agreement included in bond transcript as Document No. 2.3 (Tab No. 7).**

**EXHIBIT B**

**TOWN OF CHAPMANVILLE, WEST VIRGINIA**

**NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE**

Notice is hereby given to any person interested that on April 15, 2014, the Town Council of the Town of Chapmanville, West Virginia (the "Town") adopted an ordinance which, among other things:

1. Authorized the design, acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the Town's existing combined waterworks and sewerage system (the "System"), the permanent financing of such costs thereof through the issuance of not more than \$1,550,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the System revenues; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds and creation of the renewal and replacement fund; and directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute a corporate indebtedness of the Town within the meaning of any statutory or constitutional limitations, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to such Net Revenues; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of fees, rates or other charges for the System and other covenants in favor of the registered owners; established the events of default and the remedies of the registered owners; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Town contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Chapmanville at a regular meeting on May 12, 2014, at 7:00 p.m., in the Council Chambers, Town Hall, Chapmanville, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of Town on April 15, 2014, is on file with the Recorder for review by interested persons at the Town Hall during regular office hours.

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Recorder of the Town of Chapmanville,  
West Virginia

**TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)**

**BOND ORDINANCE**

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TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF CHAPMANVILLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM); DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town Council (the "Governing Body") of the Town of Chapmanville (the "Issuer") has duly and officially passed a Bond Ordinance on April 15, 2014, effective May 12, 2014 (the "Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF CHAPMANVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,550,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, of the Issuer, in an aggregate principal amount not to exceed \$1,550,000 (the "Bonds"), all in accordance with Chapter 8, Article 20 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of each series of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer desires to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) (the "Series 2014 A Bonds" or the "Bonds") pursuant to the Ordinance;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement to be entered into among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement") be approved, executed and ratified by the Issuer, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CHAPMANVILLE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in The Logan Banner, a qualified newspaper published and of general circulation in the Issuer, with the first publication thereof being not less than 10 days before the day set by the Bond Ordinance and the Notice for the public hearing at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, Town Hall, Chapmanville, West Virginia, on May 12, 2014, at 7:00 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether

the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. The Issuer shall sell the Bonds to the Authority on behalf of the BPH pursuant to the Loan Agreement.

Section 3. Pursuant to the Ordinance, there are hereby authorized to issue the following Bonds of the Issuer:

The Town of Chapmanville Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), shall be in the form of a single bond, shall be issued in the principal amount of \$1,505,000, shall be dated such date, shall finally mature no later than December 1, 2045, shall bear interest at the rate of 0.5% per annum. The principal and interest of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2016, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2014 A Bonds. The Series 2014 A Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2014 A Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 0.5% of the principal amount of the Series 2014 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 4. The Issuer hereby appoints and designates Chapmanville Bank of Logan Bank & Trust, Chapmanville, West Virginia, to serve as Depository Bank for the Bonds under the Ordinance.

Section 5. The Municipal Bond Commission (the "Commission") is appointed as Paying Agent for the Bonds.

Section 6. 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 7. The Loan Agreement and the execution and delivery by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Loan Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Loan Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by

the Loan Agreement relating to the issuance and sale of the Bonds, including the payment of all necessary fees and expenses in connection therewith.

**Section 8.** The Issuer hereby appoints and designates United Bank, Inc., to serve as Registrar (the “Registrar”) for the Bonds under the Ordinance and approves and accepts 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, directed and approved.

**Section 9.** The Mayor and 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 Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about May 22, 2014.

**Section 10.** The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of direct obligations of, or obligations the timely payment of principals of and interest on which is guaranteed by, the United States of America, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer.

**Section 11.** 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 (the “Authority”). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

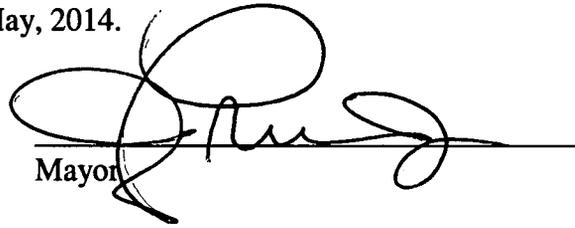
**Section 12.** The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

**Section 13.** The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

**Section 14.** The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

**Section 15.** This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 12th day of May, 2014.

  
\_\_\_\_\_  
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the TOWN OF CHAPMANVILLE on the 12th day of May, 2014.

Dated this 12<sup>th</sup> day of May, 2014.

[SEAL]

  
Recorder

# TOWN OF CHAPMANVILLE

P.O. Box 426  
329 West Tiger Lane  
Chapmanville, West Virginia 25508-0426  
(304) 855-4582

Mayor Jerry Price Jr.

Recorder Claude Workman

## Chapmanville Municipal Building Chapmanville Town Council – Minutes February 10, 2014

**Call to Order (7:00pm)** – Mayor Jerry Price Jr.

**Prayer** – Led by Councilman Estel Murray.

**Pledge** – Led by Councilman Jeremy Farley.

**Roll Call** – Mayor Jerry Price Jr., Recorder Claude Workman, Councilwoman Anita Hagerty, Councilman James “Tony” Robison, Councilman Estel Murray, Councilman Michael Collins, Councilman Jeremy Farley, Attorney Robert Kuenzel.

**Reading of Minutes** – by Recorder Claude Workman.

Minutes included January 14, 2014 regular meeting and January 27, 2014 special meeting.

Motion – to approve minutes as read by Councilman Michael Collins; seconded by Councilwoman Anita Hagerty; all in favor. Motion passes 5-0.

**Motion** – to read by title only a Bond Ordinance Authorizing the Issuance of Its Combined Waterworks and Sewage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) by Councilman James “Tony” Robison; seconded by Councilwoman Anita Hagerty; all in favor. Motion passes 5-0.

Motion – to approve the first reading of a Bond Ordinance Authorizing the Issuance of Its Combined Waterworks and Sewage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) by Councilwoman Anita Hagerty; seconded by Councilman Michael Collins; all in favor. Motion passes 5-0.

**Motion** – to approve Payment Resolution #4 for the Water Systems Improvement Project (#12SCBG0002), Drawdown Request #4 for the Water Systems Improvement Project (#12SCBG0002), and a Request for Payment with Invoices for the Small Cities Block Grant

**Term-Limit Ordinance –**

Motion to approve the term-limit ordinance by Councilman Michael Collins; seconded by Councilwoman Anita Hagerty. Vote of nay by Councilman Jeremy Farley; Councilman Estel Murray, and Councilman James “Tony” Robison. Motion fails 2-3.

**Fireworks Purchase –**

Motion to approve the purchase of fireworks per estimate (\$4,262.75) by Councilman James “Tony” Robison; seconded by Councilman Michael Collins; all in favor. Motion passes 5-0.

**Town of Chapmanville Building Commission –**

Motion to appoint Tommy Perry as the 4<sup>th</sup> Town of Chapmanville Building Commission member by Councilman James “Tony” Robison; seconded by Councilwoman Anita Hagerty; all in favor. Motion passes 5-0.

**Speakers –**

Samme Gee; Jackson Kelly PLLC, requested the second reading of the Combined Waterworks and Sewage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program).

Motion to approve the second reading by Councilman Jeremy Farley; seconded by Councilman Estel Murray; all in favor. Motion passes 5-0.

Zach Browning; Region II Planning & Development Council, requested the 5<sup>th</sup> drawdown (\$24,267.42) for the Phase I Water Project.

Motion to approve the drawdown by Councilman Estel Murray; seconded by Councilman Jeremy Farley; all in favor. Motion passes 5-0.

Devin Perry; Troop 28, Boy Scouts of America, spoke about fundraising for a community project.

**New Business –** Councilman James “Tony” Robison spoke about a drain issue on Tomblin Drive.

Councilman Michael Collins requested increased communication efforts when the Water Systems Project starts.

Councilman Jeremy Farley spoke about a town cleanup and a prescription drug drop-off program.

**Adjourn –** motion to adjourn by Councilwoman Anita Hagerty; seconded by Councilman Michael Collins; all in favor. Motion passes 5-0.

# TOWN OF CHAPMANVILLE

P.O. Box 426  
329 West Tiger Lane  
Chapmanville, West Virginia 25508-0426  
(304) 855-4582

Mayor Jerry Price Jr.

Recorder Claude Workman

Chapmanville Municipal Building  
Chapmanville Town Council – Minutes  
April 15, 2014

**Call to Order (7:00pm)** – by Mayor Jerry Price Jr.

**Prayer** – led by Councilman Estel Murray.

**Pledge** – led by Councilman Jeremy Farley.

**Roll Call** – Mayor Jerry Price, Jr., Recorder Claude Workman, Councilwoman Anita Hagerty, Councilman James “Tony” Robison, Councilman Michael Collins, Councilman Estel Murray, Councilman Jeremy Farley, Attorney Robert Kuenzel.

**Reading of Minutes** –

Recorder Claude Workman read the minutes from the February 10<sup>th</sup> meeting. Motion to approve the minutes as read by Councilwoman Anita Haggerty; seconded by Councilman Estel Murray; all in favor. Motion passes 5-0.

Recorder Claude Workman read the minutes from the February 17<sup>th</sup> “special” meeting. Motion to approve the minutes as read by Councilman Jeremy Farley; seconded by Councilman Estel Murray; all in favor. Motion passes 5-0.

**Resolutions** – Resolutions submitted for consideration for the following CPP grants:

- 1) Chapmanville HS Football Field - \$5,000
- 2) CRHS Touchdown Club - \$10,000

Motion to approve by Councilman Jeremy Farley; seconded by Councilwoman Anita Hagerty; all in favor.

## **Contract Review/Approval -**

Review and approval of the awarded contract for the Main St. Enhancement Project. Motion to approve contract by Councilman Estel Murray; seconded by Councilman Jeremy Farley; all in favor.

**Amendment** - 2nd reading and adoption of an amendment to Chapter 13, Section 5 to provide a current fee schedule for businesses and residences and to establish a collection schedule for refuse. Motion to approve amendment by Jeremy Farley; seconded by Councilman Estel Murray; all in favor. Motion passes 5-0.

**Proclamation**— Mayor Price read a proclamation declaring April as Fair Housing Month in the Town of Chapmanville. Motion to approve the proclamation by Councilman Jeremy Farley; seconded by Councilman Estel Murray; all in favor. Motion passes 5-0.

**Motions** – Brian Kirkendoll read a waiver effectively granting permission to the Region II Planning & Development Council to continue with an additional Small Cities Block Grant Application for water system upgrades on behalf of the Town of Chapmanville. Motion to approve the waiver by Councilman Jeremy Farley; seconded by Councilman James “Tony” Robison; all in favor. Motion passes 5-0.

Final reading of ATV ordinance. Motion to approve ordinance by Councilman James “Tony” Robison; seconded by Councilman Michael Collins; all in favor.

Final reading of the Term Limit Ordinance. Motion to table until the following meeting by Councilman James “Tony” Robison; seconded by Councilman Estel Murray; all in favor.

**To Speak** – Mark Imbragno, Jackson Kelly Law Offices performed the second reading of the Bond Ordinance Authorizing the Issuance of It’s Combined Waterworks and Sewage Ststem Revenue Bonds, Series 2014 A (West Virginia DWTRF Program). Motion to approve ordinance as read by Councilman Jeremy Farley; seconded by Councilman Estel Murray; all in favor. Motion passes 5-0.

Ron Jones of the Chapmanville Little League informed Mayor Price and Council that their organization will host the 2014 WV Little League State Tournament. Mr. Jones asked for the Town’s support during this week of activities. Mayor Price and Council pledged their full support.

Gary McCallister, District 22 House of Delegates candidate, introduced himself to Mayor Price and Council.

**New Business** – Mayor Price spoke about scheduling a community cleanup in the near future to work in conjunction with the WV Little League State Tournament.

Recorder Claude Workman explained the details of the Town of Chapmanville’s 2014/2015 budget and requested that a motion be made to accept the budget as read/ Motion to approve the

budget by Councilman James "Tony" Robinson; seconded by Councilman Michael Collins; all in favor. Motion passes 5-0.

Councilman James "Tony" Robinson discussed repairing pot holes throughout the Town of Chapmanville.

Councilman Jeremy Farley discussed addressing the road issues under the bridge above Main Street.

**Adjourn** - by Councilman James "Tony" Robinson; seconded by Councilman Michael Collins; all in favor. Motion passes 5-0.

# **TOWN OF CHAPMANVILLE**

**P.O. Box 426  
329 West Tiger Lane  
Chapmanville, West Virginia 25508-0426  
(304) 855-4582**

**Mayor Jerry Price Jr.**

**Recorder Claude Workman**

**Chapmanville Municipal Building  
Chapmanville Town Council – Minutes  
May 12, 2014**

**Call to Order (7:00pm)** – by Mayor Jerry Price Jr.

**Prayer** – led by Councilman Estel Murray.

**Pledge** – led by Councilman Jeremy Farley.

**Roll Call** – Mayor Jerry Price, Jr., Recorder Claude Workman, Councilman James “Tony” Robison, Councilman Michael Collins, Councilman Estel Murray, Councilman Jeremy Farley, Attorney Robert Kuenzel. Councilwoman Anita Hagerty was absent.

**Reading of the Minutes** –

Recorder Claude Workman read the minutes from the April 15<sup>th</sup> meeting. Motion to approve the minutes as read by Councilman James “Tony” Robison; seconded by Councilman Michael Collins; all in favor. Motion passes 4-0.

**To Speak** - Samme Gee; Jackson Kelly PLLC.

**Public Hearing** –

Motion to start the public hearing on and the third reading of a bond ordinance authorizing the issuance of its Combined Waterworks and Sewage System Revenue Bonds, Series 2014A (West Virginia DWTRF Program) by Councilman Jeremy Farley; seconded by Councilman Estel Murray; all in favor. Motion passes 4-0.

No public comments made. Motion to close the public hearing by Councilman Michael Collins; seconded by Councilman James “Tony” Robison; all in favor. Motion passes 4-0.

**Waterworks/Sewage System** -

Motion to approve a supplemental resolution approving the terms and other provisions of its Combined Waterworks and Sewage System Revenue Bonds, Series 2014A (West Virginia

DWTRF Program) by Councilman Jeremy Farley; seconded by Councilman Michael Collins; all in favor. Motion passes 4-0.

Motion to approve a first draw resolution, authorizing the payment of certain invoices associated with the water project and the issuance of its Combined Waterworks and Sewage System Revenue Bonds, Series 2014A (West Virginia DWTRF Program) by Councilman James “Tony” Robison; seconded by Councilman Estel Murray; all in favor. Motion passes 4-0.

Motion to approve a “sweep resolution”, authorizing the monthly “sweeping” of a bank account for repayment of its Combined Waterworks and Sewage System Revenue Bonds, Series 2014A (West Virginia DWTRF Program) by Councilman Michael Collins; seconded by Councilman Jeremy Farley; all in favor. Motion passes 4-0.

Motion for approval of all other resolutions and documents and matters in connection with the water project by Councilman James “Tony” Robison; seconded by Councilman Michael Collins; all in favor. Motion passes 4-0.

**Town of Chapmanville Building Commission –**

Motion to approve the first reading of an ordinance supplementing Chapter 5A, Article 1 of “The Ordinances of the Town of Chapmanville, West Virginia” as revised, all relating to the authority for and power of the Town of Chapmanville Building Commission by Councilman James “Tony” Robison; seconded by Councilman Michael Collins; all in favor. Motion passes 4-0.

Motion to approve a resolution “Authorizing the disposition of certain real property; authorizing and agreement and lease with the Town of Chapmanville Building Commission; authorizing the execution and delivery of the agreement and lease, deed and related documents; authorizing the Mayor to execute the agreement and lease and deed and taking all other actions to such transactions” by Councilman Jeremy Farley; seconded by Councilman Estel Murray; all in favor. Motion passes 4-0.

**To Speak –** Zach Browning; Region II Planning and Development Council.

Motion to approve drawdown number three for the Town of Chapmanville’s Sewer Project (\$42,699.00) by Councilman Jeremy Farley; seconded by Councilman Estel Murray; all in favor. Motion passes 4-0.

**Ordinance –**

Motion to approve the first reading of an amendment to the Chapter 11 Fire Fee Ordinance by Councilman Estel Murray; seconded by Councilman Michael Collins; all in favor. Motion passes 4-0.

**New Business –** Councilman James “Tony” Robison spoke about fixing the pot holes in town.

Councilman Michael Collins spoke about a potential “workshop” on June 2, 2014.

Councilman Jeremy Farley spoke about the success of Logan County's "Drug Take Back Program", explaining that 102 pounds of drugs were collected because of these efforts.

**Adjourn** – motion to adjourn by Councilman James "Tony" Robison; seconded by Councilman Michael Collins; all in favor. Motion passes 4-0.

AFFIDAVIT OF PUBLICATION

I, Norman O. Sinclair Regional Director of the The Williamson Daily News (Mingo County), Logan Banner (Logan County), Coal Valley News (Boone County), Gilbert Times (Mingo County) and Independent Herald (Wyoming County) West Virginia, do hereby certify that the annexed notice was published in said paper for 2 successive time(s)

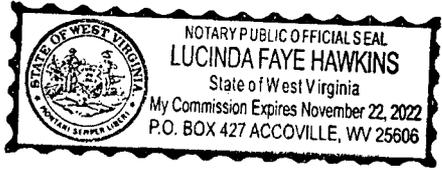
Logan Banner 4/29, 5/6

Given under my hand this 6<sup>th</sup> day May, 2014

*[Signature]*

State of West Virginia  
to-wit:

Subscribed and sworn before me this 6 day of May, 2014



*Lucinda Faye Hawkins*

Notary Public for West Virginia

Cost of Publication \$ 171.32

Copy of Publication  
See attached

**TOWN OF CHAPMANVILLE,  
WEST VIRGINIA**

**NOTICE OF PUBLIC HEAR-  
ING AND ABSTRACT OF  
BOND ORDINANCE**

Notice is hereby given to any person interested that on April 15, 2014, the Town Council of the Town of Chapmanville, West Virginia (the "Town") adopted an ordinance which, among other things:

1. Authorized the design, acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the Town's existing combined waterworks and sewerage system (the "System"), and the permanent financing of such costs thereof through the issuance of not more than \$1,550,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the System revenues; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds and creation of the renewal and replacement fund; and directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute a corporate indebtedness of the Town within the meaning of any statutory or constitutional limitations, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to such Net Revenues; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of fees, rates or other charges for the System and other covenants in favor of the registered owners; established the events of default and the remedies of the registered owners; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Town contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Chapmanville at a regular meeting on May 12, 2014, at 7:00 p.m., in the Council Chambers, Town Hall, Chapmanville, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of Town is on file with the Recorder for review by interested persons during the regular office hours of Town Hall.

/s/ Claude Workman  
Recorder of the Town of Chapmanville,  
West Virginia

4/29, 5/6

NUMBER  
AR-1



SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

\$1,505,000

KNOW ALL MEN BY THESE PRESENTS: The 22<sup>nd</sup> day of May, 2014, that the TOWN OF CHAPMANVILLE, a municipal corporation organized and existing under the laws of the State of West Virginia in Logan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED FIVE THOUSAND DOLLARS (\$1,505,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2016 to and including December 1, 2045, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2016, as set forth on said EXHIBIT B.

This Bond shall bear interest at the rate of 0.5% per annum. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau of Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the BPH, dated May 22, 2014.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and

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sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly passed by the Issuer on April 15, 2014, effective May 12, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 12, 2014 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA CLEAN WATER SRF PROGRAM), DATED AUGUST 24, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$140,000 (THE "SERIES 1999 A BONDS") AND (2) COMBINED WATER AND SEWER SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA CWSRF PROGRAM), DATED DECEMBER 12 2013, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$400,000 (THE "SERIES 2013 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUPPLEMENTAL SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986 B, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$99,740 (THE "SERIES 1986 B BONDS").

The Series 1986 B Bonds, the Series 1999 A Bonds, and the Series 2013 A Bonds are herein collectively called the "Prior Bonds."

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2014 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 shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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, except from said special fund provided from the Net Revenues, the monies in the Series 2014 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

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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 prior to or on a parity with the Bonds, including the Prior Bonds. 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 United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF CHAPMANVILLE has caused this Bond to be signed by its Mayor and its corporate seal, if any, 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 2014 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: May 22, 2014.

UNITED BANK, INC.,  
as Registrar

~~SPECIMEN~~  
\_\_\_\_\_  
Authorized Officer

# SPECIMEN

EXHIBIT A

## RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ 37,625.00	5/22/14	(19) \$	5/22/14
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
		\$ _____	
TOTAL			

# SPECIMEN EXHIBIT B DEBT SERVICE SCHEDULE

Net Debt Service								
Town of Chapmanville								
DWTRF								
\$1,505,000								
0.5% Interest Rate								
0.5% Administrative Fee								
30 Years								
Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service	
3/1/2016	11,632	0.500%	1,881.25	13,513.25	971.96	1,351.39	15,836.60	
6/1/2016	11,647	0.500%	1,866.71	13,513.71	971.96	1,351.39	15,837.06	
9/1/2016	11,661	0.500%	1,852.15	13,513.15	971.96	1,351.39	15,836.50	
12/1/2016	11,676	0.500%	1,837.58	13,513.58	971.96	1,351.39	15,836.93	
3/1/2017	11,691	0.500%	1,822.98	13,513.98	971.96	1,351.39	15,837.33	
6/1/2017	11,705	0.500%	1,808.37	13,513.37	971.96	1,351.39	15,836.72	
9/1/2017	11,720	0.500%	1,793.74	13,513.74	971.96	1,351.39	15,837.09	
12/1/2017	11,735	0.500%	1,779.09	13,514.09	971.96	1,351.39	15,837.44	
3/1/2018	11,749	0.500%	1,764.42	13,513.42	971.96	1,351.39	15,836.77	
6/1/2018	11,764	0.500%	1,749.73	13,513.73	971.96	1,351.39	15,837.08	
9/1/2018	11,779	0.500%	1,735.03	13,514.03	971.96	1,351.39	15,837.38	
12/1/2018	11,793	0.500%	1,720.30	13,513.30	971.96	1,351.39	15,836.65	
3/1/2019	11,808	0.500%	1,705.56	13,513.56	971.96	1,351.39	15,836.91	
6/1/2019	11,823	0.500%	1,690.80	13,513.80	971.96	1,351.39	15,837.15	
9/1/2019	11,838	0.500%	1,676.02	13,514.02	971.96	1,351.39	15,837.37	
12/1/2019	11,852	0.500%	1,661.22	13,513.22	971.96	1,351.38	15,836.56	
3/1/2020	11,867	0.500%	1,646.41	13,513.41	971.96	1,351.38	15,836.75	
6/1/2020	11,882	0.500%	1,631.58	13,513.58	971.96	1,351.38	15,836.92	
9/1/2020	11,897	0.500%	1,616.72	13,513.72	971.96	1,351.38	15,837.06	
12/1/2020	11,912	0.500%	1,601.85	13,513.85	971.96	1,351.38	15,837.19	
3/1/2021	11,927	0.500%	1,586.96	13,513.96	971.96	1,351.38	15,837.30	
6/1/2021	11,942	0.500%	1,572.05	13,514.05	971.96	1,351.38	15,837.39	
9/1/2021	11,956	0.500%	1,557.13	13,513.13	971.96	1,351.38	15,836.47	
12/1/2021	11,971	0.500%	1,542.18	13,513.18	971.96	1,351.38	15,836.52	
3/1/2022	11,986	0.500%	1,527.22	13,513.22	971.96	1,351.38	15,836.56	
6/1/2022	12,001	0.500%	1,512.23	13,513.23	971.96	1,351.38	15,836.57	
9/1/2022	12,016	0.500%	1,497.23	13,513.23	971.96	1,351.38	15,836.57	
12/1/2022	12,031	0.500%	1,482.21	13,513.21	971.96	1,351.38	15,836.55	
3/1/2023	12,046	0.500%	1,467.17	13,513.17	971.96	1,351.38	15,836.51	
6/1/2023	12,062	0.500%	1,452.12	13,514.12	971.96	1,351.38	15,837.46	
9/1/2023	12,077	0.500%	1,437.04	13,514.04	971.96	1,351.38	15,837.38	
12/1/2023	12,092	0.500%	1,421.94	13,513.94	971.96	1,351.38	15,837.28	
3/1/2024	12,107	0.500%	1,406.83	13,513.83	971.96	1,351.38	15,837.17	
6/1/2024	12,122	0.500%	1,391.69	13,513.69	971.96	1,351.38	15,837.03	
9/1/2024	12,137	0.500%	1,376.54	13,513.54	971.96	1,351.38	15,836.88	
12/1/2024	12,152	0.500%	1,361.37	13,513.37	971.96	1,351.38	15,836.71	
3/1/2025	12,167	0.500%	1,346.18	13,513.18	971.96	1,351.38	15,836.52	
6/1/2025	12,183	0.500%	1,330.97	13,513.97	971.96	1,351.38	15,837.31	
9/1/2025	12,198	0.500%	1,315.74	13,513.74	971.96	1,351.38	15,837.08	
12/1/2025	12,213	0.500%	1,300.50	13,513.50	971.96	1,351.38	15,836.84	
3/1/2026	12,228	0.500%	1,285.23	13,513.23	971.96	-	14,485.19	
6/1/2026	12,244	0.500%	1,269.94	13,513.94	971.96	-	14,485.90	
9/1/2026	12,259	0.500%	1,254.64	13,513.64	971.96	-	14,485.60	
12/1/2026	12,274	0.500%	1,239.32	13,513.32	971.96	-	14,485.28	
3/1/2027	12,290	0.500%	1,223.97	13,513.97	971.96	-	14,485.93	
6/1/2027	12,305	0.500%	1,208.61	13,513.61	971.96	-	14,485.57	

May 1, 2014 2:10 pm Prepared by Piper Jaffray & Co.

(WDA:LOANS-CHAP114) 2

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**SPECIMEN**

Net Debt Service  
Town of Chapmanville  
DWTRF  
\$1,505,000  
0.5% Interest Rate  
0.5% Administrative Fee  
30 Years

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
9/1/2027	12,320	0.500%	1,193.23	13,513.23	971.96	-	14,485.19
12/1/2027	12,336	0.500%	1,177.83	13,513.83	971.96	-	14,485.79
3/1/2028	12,351	0.500%	1,162.41	13,513.41	971.96	-	14,485.37
6/1/2028	12,367	0.500%	1,146.97	13,513.97	971.96	-	14,485.93
9/1/2028	12,382	0.500%	1,131.51	13,513.51	971.96	-	14,485.47
12/1/2028	12,398	0.500%	1,116.03	13,514.03	971.96	-	14,485.99
3/1/2029	12,413	0.500%	1,100.54	13,513.54	971.96	-	14,485.50
6/1/2029	12,429	0.500%	1,085.02	13,514.02	971.96	-	14,485.98
9/1/2029	12,444	0.500%	1,069.48	13,513.48	971.96	-	14,485.44
12/1/2029	12,460	0.500%	1,053.93	13,513.93	971.96	-	14,485.89
3/1/2030	12,475	0.500%	1,038.35	13,513.35	971.96	-	14,485.31
6/1/2030	12,491	0.500%	1,022.76	13,513.76	971.96	-	14,485.72
9/1/2030	12,506	0.500%	1,007.15	13,513.15	971.96	-	14,485.11
12/1/2030	12,522	0.500%	991.51	13,513.51	971.96	-	14,485.47
3/1/2031	12,538	0.500%	975.86	13,513.86	971.96	-	14,485.82
6/1/2031	12,553	0.500%	960.19	13,513.19	971.96	-	14,485.15
9/1/2031	12,569	0.500%	944.50	13,513.50	971.96	-	14,485.46
12/1/2031	12,585	0.500%	928.79	13,513.79	971.96	-	14,485.75
3/1/2032	12,601	0.500%	913.06	13,514.06	971.96	-	14,486.02
6/1/2032	12,616	0.500%	897.30	13,513.30	971.96	-	14,485.26
9/1/2032	12,632	0.500%	881.53	13,513.53	971.96	-	14,485.49
12/1/2032	12,648	0.500%	865.74	13,513.74	971.96	-	14,485.70
3/1/2033	12,664	0.500%	849.93	13,513.93	971.96	-	14,485.89
6/1/2033	12,680	0.500%	834.10	13,514.10	971.96	-	14,486.06
9/1/2033	12,695	0.500%	818.25	13,513.25	971.96	-	14,485.21
12/1/2033	12,711	0.500%	802.39	13,513.39	971.96	-	14,485.35
3/1/2034	12,727	0.500%	786.50	13,513.50	971.96	-	14,485.46
6/1/2034	12,743	0.500%	770.59	13,513.59	971.96	-	14,485.55
9/1/2034	12,759	0.500%	754.66	13,513.66	971.96	-	14,485.62
12/1/2034	12,775	0.500%	738.71	13,513.71	971.96	-	14,485.67
3/1/2035	12,791	0.500%	722.74	13,513.74	971.96	-	14,485.70
6/1/2035	12,807	0.500%	706.75	13,513.75	971.96	-	14,485.71
9/1/2035	12,823	0.500%	690.74	13,513.74	971.96	-	14,485.70
12/1/2035	12,839	0.500%	674.72	13,513.72	971.96	-	14,485.68
3/1/2036	12,855	0.500%	658.67	13,513.67	971.96	-	14,485.63
6/1/2036	12,871	0.500%	642.60	13,513.60	971.96	-	14,485.56
9/1/2036	12,887	0.500%	626.51	13,513.51	971.96	-	14,485.47
12/1/2036	12,903	0.500%	610.40	13,513.40	971.96	-	14,485.36
3/1/2037	12,919	0.500%	594.27	13,513.27	971.96	-	14,485.23
6/1/2037	12,936	0.500%	578.12	13,514.12	971.96	-	14,486.08
9/1/2037	12,952	0.500%	561.95	13,513.95	971.96	-	14,485.91
12/1/2037	12,968	0.500%	545.76	13,513.76	971.96	-	14,485.72
3/1/2038	12,984	0.500%	529.55	13,513.55	971.96	-	14,485.51
6/1/2038	13,000	0.500%	513.32	13,513.32	971.96	-	14,485.28
9/1/2038	13,017	0.500%	497.07	13,514.07	971.96	-	14,486.03
12/1/2038	13,033	0.500%	480.80	13,513.80	971.96	-	14,485.76

NUMBER  
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**SPECIMEN**

Net Debt Service  
Town of Chapmanville  
DWTRF  
\$1,505,000  
0.5% Interest Rate  
0.5% Administrative Fee  
30 Years

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
3/1/2039	13,049	0.500%	464.51	13,513.51	971.96	-	14,485.47
6/1/2039	13,065	0.500%	448.20	13,513.20	971.96	-	14,485.16
9/1/2039	13,082	0.500%	431.87	13,513.87	971.96	-	14,485.83
12/1/2039	13,098	0.500%	415.52	13,513.52	971.96	-	14,485.48
3/1/2040	13,114	0.500%	399.14	13,513.14	971.96	-	14,485.10
6/1/2040	13,131	0.500%	382.75	13,513.75	971.96	-	14,485.71
9/1/2040	13,147	0.500%	366.34	13,513.34	971.96	-	14,485.30
12/1/2040	13,164	0.500%	349.90	13,513.90	971.96	-	14,485.86
3/1/2041	13,180	0.500%	333.45	13,513.45	971.96	-	14,485.41
6/1/2041	13,197	0.500%	316.97	13,513.97	971.96	-	14,485.93
9/1/2041	13,213	0.500%	300.48	13,513.48	971.96	-	14,485.44
12/1/2041	13,230	0.500%	283.96	13,513.96	971.96	-	14,485.92
3/1/2042	13,246	0.500%	267.42	13,513.42	971.96	-	14,485.38
6/1/2042	13,263	0.500%	250.87	13,513.87	971.96	-	14,485.83
9/1/2042	13,279	0.500%	234.29	13,513.29	971.96	-	14,485.25
12/1/2042	13,296	0.500%	217.69	13,513.69	971.96	-	14,485.65
3/1/2043	13,313	0.500%	201.07	13,514.07	971.96	-	14,486.03
6/1/2043	13,329	0.500%	184.43	13,513.43	971.96	-	14,485.39
9/1/2043	13,346	0.500%	167.77	13,513.77	971.96	-	14,485.73
12/1/2043	13,363	0.500%	151.08	13,514.08	971.96	-	14,486.04
3/1/2044	13,379	0.500%	134.38	13,513.38	971.96	-	14,485.34
6/1/2044	13,396	0.500%	117.66	13,513.66	971.96	-	14,485.62
9/1/2044	13,413	0.500%	100.91	13,513.91	971.96	-	14,485.87
12/1/2044	13,429	0.500%	84.14	13,513.14	971.96	-	14,485.10
3/1/2045	13,446	0.500%	67.36	13,513.36	971.96	-	14,485.32
6/1/2045	13,463	0.500%	50.55	13,513.55	971.96	-	14,485.51
9/1/2045	13,480	0.500%	33.72	13,513.72	971.96	-	14,485.68
12/1/2045	13,497	0.500%	16.87	13,513.87	971.96	-	14,485.83
	1,505,000		116,634.61	1,621,634.61	116,635.20	54,055.35	1,792,325.16

Notes:

Estimated Monthly Net Debt Service Payments:

\$5,279.16 from 12/1/2015 through 11/1/2025 (based on maximum quarterly payment of \$15,837.46 and monthly payment rounded up to the nearest cent)

\$4,828.70 from 12/1/2025 through 11/1/2045 (based on maximum quarterly payment of \$14,486.08 and monthly payment rounded up to the nearest cent)

Admin Fee calculated based on percent of bond value computed quarterly paid in equal quarterly payments rounded up to the nearest cent.

# SPECIMEN

(Form of)

## ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

BOND REGISTER

2.11

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$1,505,000	May 22, 2014

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

Signature of Registrar:

West Virginia Water Development Authority  
1009 Bullitt Street  
Charleston, WV 25301

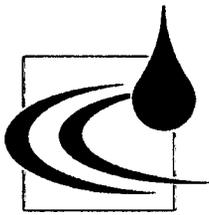
United Bank, Inc.

  
\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**WEST VIRGINIA**

**Water Development Authority**

*Celebrating 37 Years of Service 1974 - 2013*

2.12

**TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)**

**CONSENT TO ISSUANCE OF PARITY BONDS**

In reliance upon a certificate of Griffith & Associates, PLLC, independent certified public accountants and Jackson Kelly PLLC, bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), in the original aggregate principal amount of \$1,505,000 (the "Series 2014 Bonds") by the Town of Chapmanville (the "Issuer"), under the terms of the ordinances and resolutions authorizing the Series 2014 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), and Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (West Virginia CWSRF Program), and senior and prior to the Issuer's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 B (collectively, the "Prior Bonds").

WITNESS my signature on this 22<sup>nd</sup> day of May, 2014.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

  
\_\_\_\_\_  
Authorized Representative

1986

BOND ORDINANCE  
TOWN OF CHAPMANVILLE, WEST VIRGINIA

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BOND ORDINANCE

Introduced in Council

3-1-86

Introduced by

W. H. [Signature]

Passed by Council

March 12, 1986

An Ordinance authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the combined waterworks and sewerage system of the Town of Chapmanville; authorizing the issuance of not more than \$205,000 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and not more than \$105,000 in aggregate principal amount of Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, of said Town of Chapmanville to be used, along with other funds and moneys of, or available to, the Town of Chapmanville which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction, to fund reserve accounts for such bonds, to provide for capitalized interest during construction and to pay other costs in connection therewith; providing for the rights and remedies of and security for the owners of such bonds; and adopting other provisions related thereto.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20, of the Code of West Virginia, 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The Town of Chapmanville, West Virginia (the "Town"), now owns a combined waterworks and sewerage system (the "System"), consisting of a waterworks system in its entirety or any integral part thereof, including some or all of mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding

reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and a sewage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes.

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

C. The acquisition and construction of the System was financed with the proceeds from \$315,000 in principal amount of the Town's Combined Waterworks and Sewerage System Revenue Bonds, Series A and B, dated October 1, 1971 (the "Prior Bonds"), authorized pursuant to an ordinance of the Town passed on October 1, 1971 (the "Prior Ordinance").

D. The Prior Bonds of the Town are currently outstanding in the principal amount of \$231,000.

E. The Town derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

F. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed certain extensions, additions, betterments and improvements to the System (the "Project") at an estimated cost of \$1,000,000, in accordance with the plans and specifications prepared and revised by Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia (the "Consulting Engineers"), which plans and specifications are on file with the Town, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of forty (40) years.

G. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Subordinate Bonds, the principal of the Supplemental Bonds and all sinking fund and other payments provided for in this Ordinance and the principal of and interest on and debt service requirements for the Prior Bonds.

H. It is deemed necessary for the Town to issue its Original Bonds to finance the costs of acquisition and construction of the extensions, additions, betterments and improvements to the System herein described. Said costs shall be deemed to include the cost of the acquisition of any real property involved; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of such extensions, additions, betterments and improvements to the System; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for fiscal or other agents in connection with the issuance of the Original Bonds; interest on the Original Subordinate Bonds prior to, during and for 6 months after completion of construction of the Project; and such other expenses as may be necessary or desirable to said acquisition and construction of the extensions, additions, betterments and improvements to the System authorized by this Ordinance and the financing authorized by this Ordinance.

I. It is in the best interests of the Town that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the WDA Loan Agreements.

J. The Town has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired prior to the issuance of the Original Bonds.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Original Bonds and any other bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the legal owners of any and all of such Subordinate Bonds and of such Supplemental Bonds, as the case maybe, all of which Subordinate Bonds and Supplemental Bonds, respectively, shall be of equal rank and without preference, priority or distinction between any one Subordinate Bond and any other Bonds or between any one Supplemental Bond and any other Supplemental Bond, as the case may be, 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 in this Ordinance unless the context expressly requires otherwise:

A. "Act" shall mean Chapter 8, Article 20, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

C. "Board" shall mean the Water and Sewer Board of the Town, as created and appointed by ordinance enacted by the Council of the Town pursuant to the provisions of the Section 18 of the Act, and any successor thereto.

D. "Bond Construction Trust Fund" shall mean the fund created by Section 5.02 hereof.

E. "Bondholder" or "Owner of the Bonds" or any similar term shall mean any person who shall be the registered owner of any outstanding Subordinate Bond or Supplemental Bond, as hereinafter defined, as the case may be.

F. "Bond Year" shall mean the year of 365 days beginning on the date of issuance and delivery of the Bonds and each following year.

G. "Bonds" shall mean collectively, the Subordinate Bonds and the Supplemental Bonds, both as hereinafter defined.

H. "Town" shall mean the Town of Chapmanville, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organizing or instituting thereof in control of the management and operation of the System, as hereinafter defined.

I. "Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

J. "Consulting Engineers" shall mean Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Town as Consulting Engineers for the System.

K. "Cost of Project" shall mean those costs described in Section 1.02(H) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

L. "Council" shall mean the Council of the Town.

M. "Depository Bank" shall mean the bank designated as such in the Supplemental Resolution, as hereinafter defined, and its successors and assigns.

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

O. "Government Obligations" shall mean (i) direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

P. "Gross Revenues" shall mean 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) or any Tap Fees, as hereinafter defined, and for the furnishing by the Town of miscellaneous service.

Q. "Independent Accountants" shall mean any firm of certified public accountants which shall be retained by the Town as independent accountants for the System.

R. "Loan Agreement" shall mean the Loan Agreement between the Authority and the Town providing for the purchase of the Subordinate Bonds from the Town by the Authority.

S. "Mayor" shall mean the Mayor of the Town.

T. "Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

U. "Operating Expenses" shall mean 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, fees and expenses of the Authority, fiscal agents, the Registrar and Paying Agent (both as hereinafter 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 or the principal of the Supplemental 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.

V. "Operation and Maintenance Fund" shall mean the Operation and Maintenance Fund established by Section 4.01 hereof.

W. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean, collectively, the Original Subordinate Bonds and the Original Supplemental Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

X. "Original Subordinate Bonds" shall mean the not more than \$205,000 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, originally authorized by this Ordinance.

Y. "Original Supplemental Bonds" shall mean the not more than \$105,000 in aggregate principal amount of Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, originally authorized by this Ordinance.

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

AA. "Parity Subordinate Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 6.08 hereof, payable from Net Revenues on a parity with the Original Subordinate Bonds.

BB. "Parity Supplemental Bonds" shall mean additional Bonds issued under the provisions and whether the limitations prescribed by Section 6.08 hereof, payable from Net Revenues on a parity with the Original Supplemental Bonds.

CC. "Paying Agent" shall mean the bank or banks designated as such in the Supplemental Resolution.

DD. "Prior Bonds" shall mean the Town's Waterworks and Sewerage System Revenue Bonds, dated October 1, 1971, issued in the principal amount of \$315,000 and currently outstanding in the principal amount of \$231,000.

EE. "Prior Ordinance" shall mean the ordinance passed by the Council of the Town on October 1, 1971, authorizing the issuance of the Prior Bonds.

FF. "Program" shall mean the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

GG. "Project" shall mean the extensions, additions, betterments and improvements described in Exhibit A attached hereto to the existing combined waterworks and sewerage system of the Town.

HH. "Qualified Investments" shall mean and include 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; the Government National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

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

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

(g) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended, provided that investments by such fund (or portion thereof) on behalf of the Town may only be in Qualified Investments other than the those described in this paragraph (g); and

(h) Tax-exempt securities.

II. "Rebate Deposit" shall mean the excess of - (A) the aggregate amount earned for the period from the date of issue of the Subordinate Bonds to the computation date on all obligations in which any moneys in the funds and accounts described in these instructions are invested (the "Nonpurpose Obligations"), over - (B) the amount that would have been

earned for such period if the yield on the Nonpurpose Obligations had been equal to the yield of the Subordinate Bonds.

JJ. "Rebate Fund" shall mean the fund created pursuant to Section 4.01(5) hereof.

KK. "Rebate Income Account" shall mean the account established within the Rebate Fund pursuant to Section 4.01(5)(b) hereof.

LL. "Rebate Principal Account" shall mean the account established within the Rebate Fund pursuant to Section 4.01(5)(a) hereof.

MM. "Recorder" shall mean the Recorder of the Town.

NN. "Registrar" shall mean the bank designated as such in the Supplemental Resolution.

OO. "Renewal and Replacement Fund" shall mean the depreciation fund created by Section 4.01 hereof.

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

QQ. "Reserve Account Requirement" shall mean the maximum amount of principal and interest which will mature and come due on the Subordinate Bonds in any succeeding Fiscal Year.

RR. "Revenue Fund" shall mean the revenue fund created by Section 3.02 of the Prior Ordinance so long as the Prior Bonds are outstanding and, thereafter, the fund created by Section 4.01(A) hereof.

SS. "Sinking Fund" shall mean the fund created by Section 4.02(1) hereof.

TT. "State" shall mean the State of West Virginia.

UU. "Subordinate Bonds" shall mean the Original Subordinate Bonds and any pari passu additional Subordinate Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

VV. "Supplemental Bonds" shall mean the Original Supplemental Bonds and any pari passu additional Supplemental Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

WW. "Supplemental Loan Agreement" shall mean the Supplemental Loan Agreement between the Authority and the Town providing for the purchase of the Original Supplemental Bonds from the Town by the Authority.

XX. "Supplemental Reserve Account" shall mean the account established in the Supplemental Sinking Fund pursuant to Section 4.02(2)(a) hereof.

YY. "Supplemental Reserve Requirement" shall mean as of any date of calculation, the maximum amount of principal which will become due on the Supplemental Bonds in any succeeding Fiscal Year.

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

Aa. "Supplemental Sinking Fund" means the fund established by Section 4.02(2) hereof.

Bb. "System" shall mean the complete existing combined waterworks and sewerage system now owned by the Town, consisting of a waterworks system in its entirety or any integral part thereof, and a sewerage treatment and collection system, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks and sewerage system from any sources whatsoever, both within and without said Town.

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

Dd. "WDA Loan Agreements" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement.

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

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

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

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

## ARTICLE II

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

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers.

## ARTICLE III

### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Original Bonds. For the purpose of financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, there shall be issued the Original Bonds of the Town. The Original Bonds shall be issued in two issues, to be designated, respectively, "Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986" in an aggregate principal amount of not more than \$205,000, and "Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986," in the aggregate principal amount of not more than \$105,000. The Original Bonds shall be dated as of the date of delivery thereof, shall mature on October 1 in such years, not exceeding forty (40) years after the date of issuance; and in such amounts as shall be set out in Schedule X to the WDA Loan Agreements, respectively. The Original Subordinate Bonds shall bear interest at the rate of 9.75 percent per annum, payable semiannually, on April 1 and October 1 of each year, beginning on the first interest payment date following issuance and delivery of the Original Bonds. The Original Supplemental Bonds bear no interest. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the WDA Loan Agreements and as the Council of the Town shall prescribe by resolution (or by

supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Original Bonds.

The Bonds shall be payable as to principal at the principal 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 on the Bonds shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Subordinate Bonds may be paid by wire transfer or other methods satisfactory to the Town, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each issue, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each issue, and shall mature in principal installments, all as provided in the WDA Loan Agreements and said Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in a said Supplemental Resolution and shall bear interest from such date.

Section 3.02. Execution of Bonds. Said Bonds shall be executed in the name of the Town by the Mayor, and the seal of the Town 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 any of the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Town, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08 shall have been duly manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the 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 3.04. Negotiability Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner, in accepting any of said 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 owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Town, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

Bonds shall be transferable only upon the books of the 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 Registrar duly executed by the registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar. For every such exchange or transfer of Bonds, the 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 Registrar incurred in connection therewith, which sum or sums shall be paid by the Town. The Registrar shall not be obliged

to make any such exchange or transfer of Bonds during the 15 days preceding an interest payment date on the Bonds, or in the case of any proposed redemption of Bonds or, next preceding the date of the selection of Bonds to be redeemed.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may in its discretion issue and deliver a new Bond 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 Owner's furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may prescribe and paying such expenses as the Town may incur and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be cancelled by the Registrar and held for the account of the Town. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

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

Section 3.06. Bonds not to be Indebtedness of the Town. The Bonds shall not, in any event, be or constitute an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Town to pay the Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Supplemental Bonds to be Junior and Subordinate to Subordinate Bonds. The payment of the debt service of all the Subordinate Bonds shall be secured forthwith equally and ratably with each other by a second lien following the lien of the Prior Bonds on the Net Revenues derived from the System. The payment of the debt service of all the Supplemental Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Owners of the Subordinate Bonds. Such Net

Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.08. Form of Original Bonds. The text of the Original Subordinate Bonds and Original Supplemental Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

[FORM OF THE ORIGINAL SUBORDINATE BOND]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
COUNTY OF LOGAN  
TOWN OF CHAPMANVILLE  
SUBORDINATE WATERWORKS AND SEWERAGE  
SYSTEM REVENUE BOND, SERIES 1986

No. R-\_\_\_\_\_

\$\_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF CHAPMANVILLE, a municipal corporation of the State of West Virginia, in Logan County of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of \_\_\_\_\_

(\$\_\_\_\_\_), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the date of this Bond until payment of such installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning \_\_\_\_\_, 198\_\_\_. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the principal corporate trust office of \_\_\_\_\_, \_\_\_\_\_, West Virginia, as register and paying

agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the Payee at the address as it appears on the books of the Register on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is registered owner hereof.

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

This Bond is issued (i) to pay costs of acquisition and construction of certain improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the Town (the "Project"), (ii) to capitalize interest thereon, and (iii) [to fund a reserve account therefor; and (iv)] to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Town on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_, and a Supplemental Resolution adopted by the Town on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_ (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 of the Town (the "Supplemental Bonds"), issued in the aggregate principal amount of \$\_\_\_\_\_, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds of this issue. This Bond is junior and subordinate to the Prior Bonds, as defined in the Ordinance.

This Bond is payable only from and secured by a pledge of a second lien on the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same or the interest thereon except from said special

fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year and in the reserve account for the Prior Bonds an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has provided 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, shall be applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the

revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF CHAPMANVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 1986.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Subordinate Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

\_\_\_\_\_  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

Dated: \_\_\_\_\_

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

In the presence of:  
\_\_\_\_\_

[FORM OF THE ORIGINAL SUPPLEMENTAL BOND]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
COUNTY OF LOGAN  
TOWN OF CHAPMANVILLE  
SUPPLEMENTAL SUBORDINATE WATERWORKS  
AND SEWERAGE SYSTEM REVENUE BOND,  
SERIES 1986

No. SR-\_\_\_\_\_ \$\_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF CHAPMANVILLE, a municipal corporation of the State of West Virginia, in Logan County of said State, (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or respected assigns, the sum of \_\_\_\_\_ (\$\_\_\_\_\_), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the principal corporate trust office of the \_\_\_\_\_, \_\_\_\_\_, West Virginia, as register and paying agent (the "Registrar"). This Bond bears no interest.

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

This Bond is issued, together with the Subordinate Bonds (i) to pay costs of acquisition and construction of certain improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the Town (the "Project"), and (ii) [to fund a reserve account therefor; and (iii)] to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Town on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and a Supplemental Resolution adopted by the Town on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, of the Town (the "Subordinate Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_, which Subordinate Bonds rank prior with respect to liens and sources of and security for payment to the Bonds of this issue. This Bond is also junior and subordinate to the Prior Bonds, as defined in the Ordinance.

This Bond is payable only from and secured by a pledge of a third lien on the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to

pay the same except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity or prior to the Bonds, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, and in the reserve accounts for the Prior Bonds and the Subordinate Bonds amounts equal to the respective requirements therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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, shall be applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond; provided that such lien on moneys deposited in the Construction Trust Fund created by the Ordinance shall be subordinate to that of the Subordinate Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Town, does not

exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal this Bond.

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

IN WITNESS WHEREOF, the TOWN OF CHAPMANVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 1986.

[SEAL]

\_\_\_\_\_

Mayor

ATTEST:

\_\_\_\_\_

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Supplemental Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

\_\_\_\_\_

as Registrar

By \_\_\_\_\_  
Its Authorized Officer

Dated: \_\_\_\_\_

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

In the presence of:

\_\_\_\_\_

Section 3.09. Sale of Original Bonds; Execution of WDA Loan Agreements. The Original Bonds shall be sold to the Authority, pursuant to the respective terms and conditions of the WDA Loan Agreements. As a ratification of the resolution of Council authorizing execution of the WDA Loan Agreements, the Mayor is specifically authorized and directed to execute the WDA Loan Agreements and the Recorder is directed to affix the seal of the Town, attest the same and deliver the WDA Loan Agreements to the Authority. The WDA Loan Agreements are specifically incorporated into this Ordinance.

#### ARTICLE IV

##### SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (when the Prior Bonds are no longer outstanding);
- (2) Operation and Maintenance Fund (when the Prior Bonds are no longer outstanding);
- (3) Renewal and Replacement Fund;
- (4) Bond Construction Trust Fund; and
- (5) Rebate Fund;
  - (a) Within the Rebate Fund, the Rebate Principal Account, and
  - (b) Within the Rebate Fund, the Rebate Income Account.

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

- (1) Sinking Fund;
  - (a) Within the Sinking Fund, the Reserve Account.
- (2) Supplemental Sinking Fund;
  - (a) Within the Supplemental Sinking Fund the Supplemental Reserve Account.

Section 4.03. System Revenues; Flow of Funds. A. As long as the Prior Bonds are outstanding, the entire Gross Revenues shall be deposited pursuant to the terms of the Prior Ordinance. When the Prior Bonds are no longer outstanding, the entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner therein provided.

(1) So long as the Prior Bonds are outstanding, the Town shall first make all transfers and deposits as required by the Prior Ordinance.

(2) When the Prior Bonds are no longer outstanding, the Town shall, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(3) Thereafter, from the money remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing seven months prior to the first date of payment of interest on the Subordinate Bonds from Net Revenues, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Subordinate Bonds on the next ensuing semiannual interest payment date, with a credit to the deposit preceding the interest payment for any amounts already on deposit therein.

(4) The Town shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Subordinate Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Subordinate Bonds on the next ensuing principal payment date, with a credit to the deposit preceding the principal payment for any amounts already on deposit therein and not credited pursuant to paragraph (3) above.

(5) The Town shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Subordinate Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account in the Sinking Fund, an amount equal to 1/120th of the Reserve Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. If the Town deposits the Reserve

Requirement in the Reserve Account when the Subordinate Bonds are issued and delivered, then no monthly deposits are required unless the Reserve Account is drawn upon and contains less than the Reserve Requirement.

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

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Fund for payment of debt service on the Subordinate Bonds have been made in full.

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

(7) From the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing the month succeeding the first full calendar month after completion of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2-1/2% of the Gross Revenues each month, exclusive of payments for account of the Reserve Account in the Sinking Fund. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in the Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 4.03(A)(5)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(8) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Supplemental Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Supplemental Bonds on the next ensuing principal payment date, with a credit to the deposit preceding the principal payment for any amounts already on deposit therein.

(9) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Supplemental Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Reserve Account, an amount equal to 1/120th of the Supplemental Reserve Requirement; provided, that no further payments shall be made into the Supplemental Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Supplemental Reserve Requirement. If the Town deposits the Supplemental Reserve Requirement in the Supplemental Reserve Account when the Supplemental Bonds are issued and delivered, then no monthly deposits are required unless the Supplemental Reserve Account is drawn upon and contains less than the Supplemental Reserve Requirement.

Moneys in the Supplemental Sinking Fund shall be used only for the purposes of paying principal of the Supplemental Bonds as the same shall become due. Moneys in the Supplemental Reserve Account in the Supplemental Sinking Fund shall be used only for the purpose of paying principal of the Supplemental Bonds, as the same shall come due, when other moneys in the Supplemental Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Supplemental Reserve Account shall be transferred, no less than once each year, to the Bond Construction Trust Fund prior to completion of the Project, and thereafter to the Supplemental Sinking Fund.

Any withdrawals from the Supplemental Reserve Account which result in a reduction in the balance of the Supplemental Reserve Account to below the Supplemental Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

B. As and when additional Bonds ranking on a parity with the Original Subordinate Bonds or the Original Supplemental Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in

each respective Reserve Account in an amount equal to the respective Reserve Requirement.

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

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

Moneys in the respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VII hereof.

The respective Sinking Funds, including the respective Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity with either thereof that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the respective Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the Town.

D. The Town shall remit from the Revenue Fund to Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges and the Paying Agent fees then due.

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

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

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

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

Section 4.04. Excess Bond Proceeds. The Town shall place any excess proceeds from the Original Bonds not required by the Project in the respective Reserve Accounts.

Section 4.05. Rebate Fund. The Town shall make or cause to be made the calculation(s) required by the Tax Reform Act of 1985 and shall support such calculations with a letter from Independent Accountants verifying the accuracy of such calculations. The Town shall direct the Depository Bank to make deposits to and disbursements from the Rebate Fund in accordance with the Tax Reform Act of 1985 and to invest the Rebate Fund pursuant to said Tax Reform Act of 1985 and direction from the Town and direct the Depository Bank to deposit income from such investments immediately upon receipt thereof in the Rebate Income Account. This Section, and Sections 4.06 and 4.07 hereof, may be superseded or amended by a resolution supplemental hereto adopted by the Town and accompanied by an opinion of nationally recognized bond counsel addressed to the Town to the effect that said supplemental resolution will not cause the interest on the Bonds to become taxable to the recipient thereof.

Section 4.06. Rebate Deposits. The Town shall annually make or cause to be made the computation of the Rebate Deposit. If a deposit to the Rebate Principal Account is required as a result of such computation, the Town shall notify the Depository Bank within fifteen (15) days of the end of the Bond Year that a payment is required and make such deposit. If a withdrawal from the Rebate Principal Account is permitted as a result of such computation, the Town shall direct the Depository Bank to deposit the amount withdrawn from the Principal Account into the Revenue Fund for the benefit of the Town. Records of the determinations required by this Section must be retained by the Town until six (6) years after the Bonds are no longer outstanding.

Section 4.07. Rebate Disbursements. Not later than thirty (30) days after the end of the fifth Bond Year (five (5) years and thirty (30) days after the date of issuance of the Original Bonds) and every five (5) years thereafter, the Town

shall pay to the United States ninety percent (90%) of the amount required to be on deposit in the Rebate Principal Account as of such payment date and ninety percent (90%) of the amount on deposit in the Rebate Income Account as of such payment date. Not later than thirty (30) days after the final retirement of the Bonds, the Town shall direct the Depository Bank to pay to the United States one hundred percent (100%) of the balance remaining in the Rebate Principal Account and the Rebate Income Account. Each payment required to be paid to the United States pursuant to this Section shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. The Town shall provide with such direction a copy of the form originally filed with respect to the Bonds and a statement summarizing the determination of the amount to be paid to the United States.

## ARTICLE V

### APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Application of Original Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. The amount of the proceeds which together with the earnings thereon shall be at least sufficient to pay interest on the Original Subordinate Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund; provided, that such period may not extend beyond the date which is six months after the estimated date of completion of construction of the Project.

B. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the Town in the Bond Construction Trust Fund hereinafter established.

Section 5.02. Bond Construction Trust Fund; Capitalized Interest Account. There is hereby created and established with the Depository Bank a special fund to be known as the "Town of Chapmanville Bond Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Town and used and applied by the Town solely for the payment of the Costs of the Projects, and for no other purposes whatsoever. Unless alternative provisions are made by Supplemental Resolution, the moneys in said fund shall be secured at all times by the deposit in such bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes may, with the consent of

the Consulting Engineers, be invested in Qualified Investments having maturities of not more than one year. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds shall be deposited by the Town in the Reserve Accounts within the Sinking Funds established pursuant to this Ordinance and shall be used only as provided herein for said fund. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the owners of the Original Bonds with the lien on behalf of the Original Supplemental Bond being subordinate and junior to that of the Original Subordinate Bond.

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

There is hereby created and established within the Bond Construction Trust Fund a special account to be known as the "Capitalized Interest Account"; the funds of which account shall be kept separate and apart from all other funds of the Town and the Depository Bank and used and applied to pay the interest on the Subordinate Bonds during construction and for six months thereafter. Investment earnings on the Capitalized Interest Account shall be transferred monthly to the Bond Construction Trust Fund and used for Costs of the Project.

## ARTICLE VI

### ADDITIONAL COVENANTS OF THE TOWN

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

Section 6.02. Bonds Not To Be Indebtedness of the Town. The Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System, or from the respective Reserve Account, as herein provided. No owner or owners of any Bonds

issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Subordinate Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, subject only to the lien on behalf of the Prior Bonds, and payment of the debt service of the Supplemental Bonds issued hereunder shall be secured forthwith equally and relatively by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the owners of the Subordinate Bonds and the Prior Bonds, to the extent necessary to make the payments required under Section 4.03 of this Ordinance. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Bonds herein authorized, and to make the payments into the respective Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and any interest on the Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times to be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder and under the Prior Ordinance. 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. The Town shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Prior Bonds, the Subordinate Bonds and the Supplemental Bonds; provided that, in the event that an

amount at least equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account, an amount at least equal to the Supplemental Reserve Requirement is in deposit in the Supplemental Reserve Account and the reserve account for the Prior Bonds is funded at least at the requirement provided for in the Prior Ordinance, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original Bonds and the Prior Bonds.

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

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

The foregoing provision notwithstanding, and subject to any requirement of the Prior Ordinance, the Town shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of ten thousand dollars (\$10,000), the Town shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Town Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the

amount to be received from such sale, lease or other disposition of said property shall be in excess of \$10,000 but not in excess of \$50,000, the Council shall first, in writing, determine with the written approval of the Consulting Engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$10,000 and not in excess of \$50,000, shall be remitted by the Town to the Commission for deposit in the appropriate Sinking Funds and shall be applied only to the redemption of Bonds of the last maturities then outstanding or to the purchase of Bonds of the last maturities then outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom shall be in excess of fifty thousand dollars (\$50,000) and insufficient to pay or redeem prior to maturity all the Prior Bonds and the Bonds then outstanding without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Prior Bonds and the Bonds then outstanding. The Town shall prepare the form of such approval and consent for execution by the then owners of the Prior Bonds and the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 6.08 hereof, 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 Supplemental Bonds or, if no Supplemental Bonds are outstanding, with the Subordinate Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 6.08 hereafter. All obligations hereafter issued by the Town 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 Prior Bonds and to the Bonds to the extent such are outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective Reserve Accounts and the Renewal and Replacement

Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

No Subordinate Parity Bonds shall be issued so long as any Supplemental Bonds are outstanding. No Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the entirety of one or more issues or series of 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 Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineer, reciting the conclusion that the net revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt ~~source~~ *service* in any succeeding year on the following:

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the outstanding Prior Bonds, Subordinate Bonds and Supplemental Bonds on such revenues.

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

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

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

As long as any Supplemental Bonds are outstanding, the Town may issue Parity Supplemental Bonds upon satisfaction of the tests set forth above and taking into consideration all debt service requirements on all bonds superior to the Supplemental Bonds, the Supplemental Bonds and including the proposed Parity Supplemental Bonds.

Section 6.09. Insurance. The Town will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. In time of war, the Town shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. Unless

otherwise required by the Prior Ordinance, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Town will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Town shall carry such other insurance as is required by the Authority.

Section 6.10. Consulting Engineers. The Town may retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and repair of the System and to report annually to the Town in writing their recommendations and comments as to the System.

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

Section 6.12. Enforcement of Collections. The Town will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (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. The Town further covenants and agrees

that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 6.13. No Competing Franchise. To the extent allowable by law, the Town will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct entries shall be made of all transactions relating to the System, and any owner of a Bond or Bonds issued pursuant to this Ordinance shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the West Virginia Public Service Commission and the Act. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Town. The Town shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Town shall be reported to such agent of the Town as the Council shall direct.

The Town shall file with the Consulting Engineer and the Authority, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

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

The Town shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Ordinance, and shall submit said report the Authority. The report of said audit shall include a statement that the Town is in compliance with the terms and provisions of the WDA Loan Agreements and this Ordinance.

Section 6.15. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the System established under an ordinance of the Town enacted on or before the date of the adoption or enactment of a resolution or ordinance adopted or enacted in connection with the sale of the Bonds as provided herein shall constitute the initial schedule of rates for said System for purposes of this Ordinance.

Section 6.16. Operating Budget. The Board shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Council shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who requests in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 6.17. Connection. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, prospective users of the System shall be required to connect thereto.

Section 6.18. Covenant to Amend Ordinance. The Town shall amend this Ordinance by a resolution supplemental hereto to comply with any Tax Reform Act, as enacted by the Congress of the United States and signed by the President, if terms of the law as enacted conflict with the terms hereof. The Council of the Town hereby retains the specific authority to amend this Ordinance, or supplement it by resolution prior to the sale of the Bonds, to comply with related federal legislation. In its determination to amend or supplement this Ordinance, the Town may rely on the opinion of nationally recognized bond counsel.

Section 6.19. Essential Governmental Function Bonds. The Town shall use the Bond proceeds solely for the Project and such Project will be solely operated as a governmental function. The Town shall not allow ten percent (10%) or more of the gross proceeds of the Bonds to be used either directly or indirectly in any trade or business carried on by any person other than a governmental unit and shall not take any other action which would make the Bonds nonessential function bonds within the meaning of the Tax Reform Act. This covenant may be amended by a resolution supplemental hereto if the Tax Reform Act is not enacted by the Congress of the United States or if the Council receives an opinion of nationally recognized bond counsel to the effect that such covenant is not required to maintain the tax-exempt status of the Bonds.

Section 6.20. Expenditure of Bond Proceeds. The Town shall expend at least five percent (5%) of the proceeds of the Bonds within thirty (30) days from the date of issuance of the Bonds and shall expend all remaining proceeds (other than reasonable bond reserves) within the earlier of the substantial completion of the Project or three (3) years from the date of issuance of the Bonds.

Section 6.21. Bond Reporting Requirements. The Town shall make and file such reports as required by the Tax Reform Act or such other federal legislation as is enacted by the Congress of the United States.

## ARTICLE VII

### INVESTMENT OF FUNDS

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes

set forth herein and the specified restrictions and provisions set forth in this Section 7.01 and in Sections 7.03 and 7.04.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, 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. 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 of such liquidation. The Depository Bank or such other bank or national banking association may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 7.02. Restrictions as to Arbitrage Bonds.  
The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, or the rules and regulations promulgated pursuant thereto, and the Mayor of the Town shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

Section 7.03. Restriction of Yield on Bond Proceeds.  
The Town shall restrict the investment yield on all Bond proceeds designated for acquisition of tangible property as set forth in the Certificate as to Non-Arbitrage, including land, buildings, equipment and furnishings, to the Bond yield beginning thirty (30) days from the date the Bonds are issued. The Town shall restrict the investment yield on all Bond proceeds designated for construction of the Project as set forth in the Certificate as to Non-Arbitrage to the earliest of (a) substantial completion of the Project; (b) expenditure of funds from any source equal to the Bond proceeds; (c) three (3) years after date of issuance of the bonds; or (d) three (3) years after commencement of construction. For the purposes of this Section, yield does not include cost of issuance expenses or any discount. After the temporary periods set forth above all proceeds must be yield restricted. The yield on funds placed in the Renewal and Replacement Fund must be restricted if the fund exceeds fifteen percent (15%) of the bond issue or

if the fund contains nonpurpose obligations with a yield in excess of one hundred fifty percent (150%) of the principal and interest due during the Bond Year. This Section may be amended by a resolution supplemental hereto if the Tax Reform Act is not enacted by the Congress of the United States or if the Council receives an opinion of nationally recognized bond counsel to the effect that such covenant is not required to maintain the tax-exempt status of the Bonds.

Section 7.04. Investment Restrictions. The Town shall not invest the proceeds of the Bonds in any account, certificate or fund which is either directly or indirectly guaranteed by the United States of America and which deposit would violate the provisions of the Tax Reform Act. The Town may invest the funds in the Sinking Fund and the Renewal and Replacement Fund in federally insured deposits or accounts. This covenant may be amended by a resolution supplemental hereto if the Tax Reform Act is not enacted by the Congress of the United States or if the Council receives an opinion of nationally recognized bond counsel to the effect that such covenant is not required to maintain the tax-exempt status of the Bonds.

## ARTICLE VIII

### DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Subordinate Bonds or the Supplemental Bonds as the case may be:

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

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Ordinance, any supplemental resolution, or in such Bonds, and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by any bank or banking association holding any fund or account hereunder or a owner of such Bonds; or

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

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Subordinate Bonds or Supplemental Bonds, as the case may be, any Registered Owner of such Bond may exercise any available

remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such registered Owners including the right to require the Town to perform its duties under the Act and the Ordinance 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 such Bonds, (iv) by action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the registered owners of such Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such registered Owners.

Section 8.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Subordinate Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Town of such default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System

shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order of the court to that effect. Upon any subsequent default, any owner of Bonds issued pursuant to this Ordinance shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her, 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 appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System. The provisions of this section shall be subject to the Prior Ordinance and to the superior rights of the Subordinate Bonds over the Supplemental Bonds.

## ARTICLE IX

### DEFEASANCE

Section 9.01. Defeasance of Subordinate Bonds. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the owners of all Subordinate Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then with respect to the Subordinate Bonds only, the pledge of Net Revenues and any other moneys and securities pledged under this

Ordinance and all covenants, agreements and other obligations of the Town to the Bondholders of the Subordinate Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Subordinate Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on the Subordinate Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Subordinate Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the affect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agents, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments and interest due and to become due on said Subordinate Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Subordinate Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Town, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

Section 9.02. Defeasance of Supplemental Bonds. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the respective Owners of all Supplemental Bonds, the principal thereof, at the times and in the manner stipulated therein and in this Ordinance, then with respect to the Supplemental Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Town to the registered Owners of the Supplemental Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Supplemental Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of such Supplemental Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series Supplemental Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Supplemental Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Supplemental Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Supplemental Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Town as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE X

### MISCELLANEOUS

Section 10.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Bonds then outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal and interest out of the revenues of the System without the consent

of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

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

Section 10.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinance, in conflict with this Ordinance are to the extent of such conflict repealed.

Section 10.04. Covenant of Due Procedure. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 10.05. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

First Reading: March 1, 1986

Second Reading  
and Passage: March 10, 1986

Public Hearing: March 24, 1986

This Ordinance was placed into effect following the public hearing held on March 24, 1986.

(SEAL)

*Claude Wolfman*  
Recorder

*Jerome Ringers*  
Mayor

## EXHIBIT A

### Project Description

The Project includes a new 500 GPM surface water treatment plant and distribution system improvements. The new water treatment plant flow will augment the capacity of the existing well water treatment system. The distribution system improvements will insure that the customers are provided potable water at an adequate pressure.

The new water treatment plant will treat raw water pumped from the new intake structure located on the Guyandotte River. The treatment plant itself will be contained in a metal frame structure and will consist of chemical addition and mixing, flocculation, sedimentation, filtration, disinfection, and high service pumping. The plant will also include the ancillary components of a laboratory, office and operations room, chemical storage area and all required piping and valves for adequate treatment.

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the Town of Chapmanville, Logan County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of an official record of the Town of Chapmanville, such records being in the custody of the undersigned and maintained at the Town of Chapmanville Municipal Building, Chapmanville, Logan County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 25th day of March, 1986.

Claudia Workman  
Recorder

[SEAL]

1999

1.8

TOWN OF CHAPMANVILLE

BOND ORDINANCE

M0300565.1

**TOWN OF CHAPMANVILLE  
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,  
SERIES 1999 A  
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)**

**BOND ORDINANCE**

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Exhibit A - Project Description

Exhibit B - Notice of Public Hearing and Abstract of Bond Ordinance

Introduced in Council on July 22, 1999

Introduced by Joy Vance, Mayor

Passed by Council on July 29, 1999

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF CHAPMANVILLE; AUTHORIZING THE ISSUANCE OF WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA CLEAN WATER SRF PROGRAM), OF THE TOWN OF CHAPMANVILLE IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$140,000, TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF CHAPMANVILLE WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

BE IT ENACTED AND ORDAINED BY THE COUNCIL OF THE TOWN OF CHAPMANVILLE, WEST VIRGINIA:

## ARTICLE I

### STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise.

"Act" shall mean, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment of this Ordinance.

“Authority” shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 1999 A Bonds on behalf of the Program, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

“Bond Act” shall mean Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the date of the enactment of this Ordinance.

“Bond Construction Trust Fund” shall mean the fund created by Section 5.01(4) hereof.

“Bondholder” or “Owner of the Bonds” or “Registered Owners” or any similar term shall mean any person who shall be the registered owner of any Outstanding Bond as hereinafter defined.

“Bond Year” shall mean the twelve-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.

“Bonds” shall mean the Series 1999 A Bonds, the Prior Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

“Certificate of Authentication and Registration” shall mean the certificate of authentication and registration on the Bonds in substantially the form set forth in Section 3.08 hereof.

“Closing Date” shall mean the date upon which there is an exchange of the Bonds for the proceeds or a portion of the proceeds representing the purchase of the Bonds by the Authority.

“Code” shall mean the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

“Commission” shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

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

“Consulting Engineers” shall mean Ghosh Engineers, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers, licensed by the State, which

shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

“Cost of Project” or “Costs” shall mean those costs described in Section 1.04(G) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

“Council” shall mean the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

“Debt Service” shall mean the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“DEP” shall mean the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds the functions of the DEP.

“Depository Bank” shall mean the bank designated as such in the Supplemental Resolution and its successors and assigns.

“Fiscal Year” shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

“Fund” shall mean the “West Virginia Water Pollution Control Revolving Fund” established by the State, administered by the DEP and funded by capitalization grants awarded to the State pursuant to the federal Clean Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the construction, acquisition and improvement of wastewater treatment facilities.

“Government Obligations” shall mean 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” shall mean 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) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous services.

“Independent Accountants” shall mean any certified public accountant or firm of certified public accountants which shall be retained by the Issuer as independent accountants

for the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” shall mean the Town of Chapmanville, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

“Loan Agreement” shall mean the Water Pollution Control Revolving Fund Loan Agreement by and among the Authority, the DEP and the Issuer providing for the purchase of the Series 1999 A Bonds from the Issuer by the Authority.

“Mayor” shall mean the Mayor of the Issuer.

“Net Revenues” shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

“Operating Expenses” shall mean 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); fees and expenses of the Authority, DEP, fiscal agents, the Registrar and the Paying Agent (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; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

“Ordinance” or “this Ordinance” shall mean this Ordinance, in its present form or as hereafter amended or supplemented.

“1986 Ordinance” shall mean the ordinance passed by the Council of the Issuer on March 10, 1986, authorizing the issuance of the Series 1986 A Bonds and the Series 1986 B Bonds.

“1992 Ordinance” shall mean the ordinance passed by the Council of the Issuer on August 20, 1992, authorizing the issuance of the Series 1992 A Bonds.

“Original Purchaser” shall mean the Authority.

“Outstanding” when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the

payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such 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 such Bond registered to the Issuer.

“Parity Bonds” shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof.

“Paying Agent” shall mean the West Virginia Municipal Bond Commission or such other entity or authority as may be designated as a paying agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

“Prior Bonds” shall mean, collectively, the Series 1986 A Bonds, the Series 1986 B Bonds and the Series 1992 A Bonds.

“Prior Ordinances” shall mean, collectively, the 1986 Ordinance and the 1992 Ordinance.

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

“Project” shall mean the acquisition and construction of the certain extensions, additions, betterments and improvements to the sewerage portion of the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

“PSC” shall mean the Public Service Commission of West Virginia and any successor to the functions thereto.

“PSC Order” shall mean the final order of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing thereof.

“Qualified Investments” shall mean and include 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; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

"Recorder" shall mean the Recorder of the Issuer.

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

"Regulations" shall mean the regulations promulgated under the Code.

“Renewal and Replacement Fund” shall mean the fund created by the Prior Ordinances and continued by Section 5.01(3) hereof.

“Reserve Accounts” shall mean, collectively, the respective reserve accounts of the Series 1999 A Bonds and the Prior Bonds.

“Revenue Fund” shall mean the fund continued by Section 5.01(1) hereof.

“Series 1986 A Bonds” shall mean the Issuer’s Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the original aggregate principal amount of \$200,260.

“Series 1986 B Bonds” shall mean the Issuer’s Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the original aggregate principal amount of \$99,740.

“Series 1992 A Bonds” shall mean the Issuer’s Waterworks and Sewerage System Revenue Bonds, Series 1992, dated October 23, 1992, issued in the original aggregate principal amount of \$757,533.

“Series 1999 A Bonds” shall mean the Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), authorized to be issued by this Ordinance.

“Series 1999 A Bonds Reserve Account” shall mean the account created by Section 5.02(8) hereof.

“Series 1999 A Bonds Reserve Requirement” shall mean as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 1999 A Bonds in the then current or any succeeding Fiscal Year.

“Series 1999 A Bonds Sinking Fund” shall mean the fund created by Section 5.02(7) hereof.

“SRF Administrative Fee” shall mean any administrative fee required to be paid pursuant to the Loan Agreement.

“SRF Act” shall mean Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Ordinance.

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

“State” shall mean the State of West Virginia.

“Supplemental Resolution” shall mean 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 resolutions authorizing the sale of the Series 1999 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1999 A Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” shall mean the Net Revenues not required by this Ordinance to be set aside and held for the payment of or security for the Bonds, including the Reserve Accounts and the Renewal and Replacement Fund.

“System” shall mean the complete existing combined waterworks and sewerage system of the Issuer, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

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

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

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

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 1999 A Bonds and any other bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance 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 legal owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

**Section 1.04. Findings.** It is hereby found, determined and declared as follows:

**A.** The Issuer is a municipal corporation and political subdivision of the State in Logan County of said State. The Issuer currently owns and operates a combined waterworks and sewerage system, furnishing water and sewer service to residences, premises and businesses residing or located within and without the corporate boundaries of the Issuer.

**B.** The acquisition and construction of certain extensions, additions, betterments and improvements to the System was financed in part with the proceeds of the Prior Bonds.

**C.** The Issuer derives Net Revenues from the System, and except for the pledges thereof to secure and pay the Prior Bonds, said Net Revenues are not pledged or encumbered in any manner.

**D.** It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the sewerage portion of the System in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by DEP and are on file with the Issuer, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of twenty years.

**E.** The estimated maximum cost of the Project is \$440,000. Of this amount, \$140,000 will be permanently obtained from proceeds of the Series 1999 A Bonds herein authorized and \$300,000 will be obtained from proceeds of a grant from the Governor's Contingency Fund.

**F.** The estimated revenues to be derived in each year after the completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 1999 A Bonds and the Prior Bonds and to make payments into all funds and accounts provided for in this Ordinance and in the Prior Ordinances.

**G.** It is deemed necessary for the Issuer to issue its Series 1999 A Bonds in the original aggregate principal amount of not more than \$140,000 to permanently finance a portion of the costs of the acquisition and construction of the Project herein described through the Program. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 1999 A Bonds Reserve Account; engineering, fiscal 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 expenses; fees or expenses of the Authority and DEP, including the SRF Administrative Fee; commitment fees; discount; initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series

1999 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 the 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 1999 A Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

H. It is in the best interests of the Issuer that the Series 1999 A Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement by and among the Authority, the DEP and the Issuer.

I. The Series 1999 A Bonds shall be issued on a parity with the Series 1986 A Bonds and the Series 1992 A Bonds, and senior and prior to the Series 1986 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1999 A Bonds, the Issuer will obtain (i) the certificate of an Independent Accountant stating that the parity tests of the Series 1986 A Bonds and the Series 1992 A Bonds are met; (ii) the written consent of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds to the issuance of the Series 1999 A Bonds on a parity with the Series 1986 A Bonds and the Series 1992 A Bonds; and (iii) the written consent of the Holders of the Series 1986 B Bonds to the issuance of the Series 1999 A Bonds on a senior and prior basis to the Series 1986 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement, relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1999 A Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, 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 convenience and necessity from the PSC by final order, the time for rehearing and appeal of which will have expired or will have been waived prior to the issuance of the Series 1999 A Bonds.

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 the acquisition and construction of the Project, at an estimated cost of not to exceed \$440,000, in accordance with plans and specifications prepared by the Consulting Engineers, approved by the DEP and the Issuer, and on file in the office of the Issuer.

Prior to issuing the Series 1999 A Bonds for the acquisition and construction of the Project, the Issuer must receive acceptable bids or enter into contracts for the acquisition and construction of the Project which are compatible with the financing plan submitted to the Program.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Bonds. For the purposes of paying costs of issuance and financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, or any one of such items, there shall be and hereby are authorized to be issued the Series 1999 A Bonds of the Issuer. The Series 1999 A Bonds shall be designated "Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program)", and shall be issued in an aggregate principal amount of not more than \$140,000. The Series 1999 A Bonds shall be dated as of the date of delivery thereof, shall bear such interest, if any, but in no case to exceed two percent (2%) per annum, shall mature at such times, not exceeding twenty (20) years after the date of issuance, and in such amount or amounts as shall be set out in the Loan Agreement. The Series 1999 A Bonds shall not bear interest, if any, during the construction period but interest, if any, shall commence accruing on the Completion Date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest, if any, on the Series 1999 A Bonds shall begin not later than one (1) year after the Completion Date. The repayment of principal and interest, if any, on the 1999 A Bonds shall be as set forth on Schedule Y to the Loan Agreement. The Series 1999 A Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the Loan Agreement and as the Council of the Issuer shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Series 1999 A Bonds.

The Series 1999 A Bonds shall be payable as to principal, at the principal 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 on the Bonds, if any, shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Series 1999 A Bonds may be paid by wire transfer or other methods satisfactory to the Issuer, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Series 1999 A Bonds shall 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, and shall mature in principal installments, all as provided in the Loan Agreement and the Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Said Bonds shall be dated and shall bear interest, if any, as set forth in the Supplemental Resolution.

Section 3.02. Execution of Bonds. The Series 1999 A Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 1999 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08 hereof, shall have been duly manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the 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 3.04. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1999 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 owner, in accepting any of said 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 owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Series 1999 A Bonds remain Outstanding, the Issuer, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 1999 A Bonds shall be transferable only upon the books of the Registrar, by the Registered Owner thereof in person or by the Owner's attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer

satisfactory to the Registrar, duly executed by the Registered Owner or the Owner's duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Registrar. For every such exchange or transfer of Bonds, the 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 Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the 15 days preceding an interest payment date on the Bonds, or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond 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 Owner's furnishing the Issuer proof of ownership thereof and 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 Registrar may incur and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be canceled by the Registrar and held for the account of the Issuer. If 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 therefor.

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

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 1999 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Owner or Owners of any of the Series 1999 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 A Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to the lien on

the Net Revenues in favor of the Holders of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 A Bonds and the Prior Bonds and to make all other payments provided for in this Ordinance and in the Prior Ordinances, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Form of Bonds. The text of the Series 1999 A Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

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[FORM OF BOND]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
COUNTY OF LOGAN  
TOWN OF CHAPMANVILLE  
WATERWORKS AND SEWERAGE SYSTEM  
REVENUE BONDS, SERIES 1999 A  
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

No. AR-1

\$ \_\_\_\_\_

**KNOW ALL MEN BY THESE PRESENTS:** That the Town of Chapmanville, a municipal corporation and political subdivision of the State of West Virginia, in Logan 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 is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_ 1,200 \_\_\_\_, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Ordinance) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_ 1,200 \_\_\_\_, as set forth on Exhibit B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (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 Division of Environmental Protection (the "DEP"), and as otherwise provided by the Loan Agreement dated \_\_\_\_\_, 1999, among the Authority, the DEP and the Issuer.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing combined waterworks and 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 existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), an Ordinance duly passed by the Issuer on \_\_\_\_\_, 1999, effective \_\_\_\_\_, 1999, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 1999 (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$200,260 (THE "SERIES 1986 A BONDS"), AND (2) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, DATED OCTOBER 23, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$757,533 (THE "SERIES 1992 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUPPLEMENTAL SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$99,740 (THE "SERIES 1986 B BONDS").

The Series 1986 A Bonds, the Series 1986 B Bonds and the Series 1992 A Bonds are hereinafter collectively call the "Prior Bonds."

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues (as defined in the Ordinance), to be derived from the operation of the System, on a parity with the lien of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to the lien of the Series 1986 B Bonds, moneys in the Series 1999 A Bonds Reserve Account created under the Ordinance 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 moneys in the Series 1999 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, 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 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 other obligations on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount 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 fiscal year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount 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 Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of \_\_\_\_\_, \_\_\_\_\_, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or 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.

This Bond, under the provision of the Act is, and has provided 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 Ordinance, shall be applied solely to the payment of the costs of the Project and costs of issuance hereof described in the Ordinance and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, the Town of Chapmanville has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated the \_\_\_\_ day of \_\_\_\_\_, 1999.

[SEAL]

\_\_\_\_\_

Mayor

ATTEST:

\_\_\_\_\_

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

\_\_\_\_\_  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

Dated: \_\_\_\_\_

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) \$		(13) \$	
(2) \$		(14) \$	
(3) \$		(15) \$	
(4) \$		(16) \$	
(5) \$		(17) \$	
(6) \$		(18) \$	
(7) \$		(19) \$	
(8) \$		(20) \$	
(9) \$		(21) \$	
(10) \$		(22) \$	
(11) \$		(23) \$	
(12) \$		(24) \$	

Total \$ \_\_\_\_\_

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

**Section 3.09. Sale of Bonds; Ratification and Execution of Loan Agreement.**  
The Series 1999 A Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. As a ratification of the resolution of Council authorizing execution of the Loan Agreement, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority. The Loan Agreement is specifically incorporated into this Ordinance.

**Section 3.10. Amended Schedule A Filing.** Within 60 days following the Completion Date, the Issuer shall file with the Authority its schedule, in substantially the form of "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds used therefor.

ARTICLE IV

[Reserved]

## ARTICLE V

### 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 or continued with and shall be held by the Depository Bank:

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Bond Construction Trust Fund.

**Section 5.02. Establishment of Funds and Accounts with Commission.** The following special funds or accounts are hereby created or continued with and shall be held by the Commission:

- (1) Series 1986 A Bonds Sinking Fund;
- (2) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account;
- (3) Series 1986 B Bonds Sinking Fund;
- (4) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account;
- (5) Series 1992 A Bonds Sinking Fund;
- (6) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account;
- (7) Series 1999 A Bonds Sinking Fund; and
- (8) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 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 Ordinance 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 therein and herein provided.

(1) The Issuer shall, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1986 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the interest on the Series 1986 A Bonds; and (ii) the Series 1992 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the interest on the Series 1992 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1986 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the principal of the Series 1986 A Bonds; (ii) the Series 1992 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the principal of the Series 1992 A Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, the Series 1999 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will become due on the Series 1999 A Bonds on the next ensuing quarterly principal payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1986 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) the Series 1992 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, if not fully funded upon issuance of the Series 1999 A Bonds, the Series 1999 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1999 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1999 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 1999 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), 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, emergency 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 account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1999 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and any interest on the Series 1999 A Bonds as the same shall become due. Moneys in the Series 1999 A Bonds Reserve Account shall be used only for the purpose of paying principal of and any interest on the Series 1999 A Bonds, as the same shall come due, when other moneys in the Series 1999 A Bonds Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Series 1999 A Bonds Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter to the Series 1999 A Bonds Sinking Fund.

Any withdrawals from the Series 1999 A Bonds Reserve Account which result in a reduction in the balance of the Series 1999 A Bonds Reserve Account to an amount below the Series 1999 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 order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Series 1986 A Bonds, the Series 1992 A Bonds and the Series 1999 A Bonds, in accordance with respective principal amounts then outstanding, and thereafter, with respect to the Series 1986 B Bonds.

B. As and when additional Bonds ranking on a parity with the Series 1999 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the reserve requirement thereunder.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The payments into the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 1999 A Bonds Outstanding under the conditions and restrictions set forth herein.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove 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 longer period as shall be required by the Act, such excess shall be considered as Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges then due.

Simultaneously with the deposit made to the Commission pursuant to Section 5.03A(2) hereof, the Issuer shall remit to the Commission the SRF Administrative Fee.

The Issuer shall complete the "monthly payment form," which form is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the fifth day of each calendar month.

E. The moneys in excess of 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.

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

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

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

Section 5.04. Excess Bond Proceeds. Upon completion of the Project, any proceeds of the Series 1999 A Bonds not required to pay Costs of the Project shall be applied as directed by the Authority and DEP.

## ARTICLE VI

### APPLICATION OF BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of the Series 1999 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 A Bonds, there shall be deposited with the Commission in the Series 1999 A Bonds Reserve Account, the sum, if any, set forth in the Supplemental Resolution for funding the Series 1999 A Bonds Reserve Account.

B. The remaining moneys derived from the sale of the Series 1999 A Bonds shall be deposited by the Issuer, as received from time to time, in the Bond Construction Trust Fund and shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1999 A Bonds.

C. After completion of the Project, as certified by the Consulting Engineers, and after all costs have been paid, any remaining proceeds of the Series 1999 A Bonds shall be used as directed in writing by the Authority and DEP.

Section 6.02. Disbursements From the Bond 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 1999 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Upon receipt of the proceeds from the Authority, the Issuer shall deposit the proceeds in the Bond Construction Trust Fund and pay any approved costs. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP (as the case may be) of the following:

(1) A "Payment Requisition Form," attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by the Mayor and the Consulting Engineers, stating:

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

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

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

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

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, 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 set forth in this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Series 1999 A Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the owners of the Series 1999 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 1999 A Bonds, or the interest thereon, is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 A Bonds shall not be nor constitute an 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 Ordinance. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 A Bonds or any interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1986 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1999 A Bonds and to make the payments into all funds and accounts and all other payments provided for in this Ordinance, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Ordinance.

Section 7.04. Rates. Prior to the issuance of the Series 1999 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established 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. The Issuer shall take the necessary actions with respect to the imposition of rates, at such times and with such provisions with respect to interest rate and maturity of the Series 1999 A Bonds, to finance the issuance of the Series 1999 A Bonds as the purchaser thereof shall require. 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 (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest, if any, on the Series 1999 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 1999 A Bonds, including the Prior Bonds; provided that, in the event that an amount at least equal to or in excess of the Series 1999 A Bonds Reserve Requirement is on deposit in the Series 1999 A Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 1999 A Bonds, including the Prior Bonds, are funded at least at the respective requirements provided therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and any interest on the Series 1999 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 1999 A Bonds, including the Prior Bonds.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures, for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof, from the revenues of the System, in the manner provided in the Ordinance.

Upon completion of the Project, the Issuer shall file with the Authority a schedule, in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 7.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority and the DEP. Additionally, so long as the Series 1999 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 or redeem at or prior to maturity all Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit, pro rata, in the Series 1999 A Bonds Sinking Fund and the sinking funds established for the Prior Bonds then Outstanding, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of the Series 1999 A Bonds and the Prior Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price of the Series 1999 A Bonds and the Prior Bonds. Any balance remaining after the redemption or payment of all the Series 1999 A Bonds and the Prior Bonds and interest 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. The Council may then, if it be so advised, as evidenced by certificates of the Consulting Engineers, by resolution duly adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars (\$10,000), or authorize such sale, lease or other disposition of such property, upon public bidding, if the amount to be received therefor is in excess of ten thousand dollars (\$10,000) but not in excess of fifty thousand dollars (\$50,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of \$10,000, shall be deposited in the Renewal and Replacement Fund. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$10,000 and not in excess of \$50,000, shall be remitted by the Issuer to the Commission for deposit in the Series 1999 A Bonds Sinking Fund and in the sinking funds established for any Prior Bonds then Outstanding, and shall be applied only to the redemption of the Series 1999 A Bonds and the Prior Bonds of the last maturities then Outstanding or to the purchase of the Series 1999 A Bonds and the Prior Bonds of the last maturities then Outstanding at prices not greater than the redemption price of the Series 1999 A Bonds and the Prior Bonds. Such payments of the proceeds into the respective sinking funds, the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance or of the Prior Ordinances.

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 shall be in excess of fifty thousand dollars (\$50,000) and be insufficient to pay or redeem, prior to maturity, all the Bonds then Outstanding, without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then owners of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Ordinance and the Prior Ordinances at the time of the issuance of such subordinate obligations, have been made and are current.

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, except with respect to said pari passu additional Bonds, being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance 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 Project, 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 7.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided, with the prior written consent of DEP and the Authority, and, for so long as any of the Prior Bonds remain Outstanding, in accordance with restrictions and limitations established in the respective Prior Ordinances applicable to such Prior Bonds.

No Parity Bonds shall be issued, except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the entirety of one or more issues or series of 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 Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

- (1) The Series 1999 A Bonds and the Prior Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any

increase in rates enacted by the Issuer, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, 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 prior to issuance of such Parity Bonds.

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

All the covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the owners of the Series 1999 A Bonds and the owners of any Parity Bonds subsequently issued, from time to time, within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance shall rank equally with respect to their respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Outstanding Bonds on such revenues. The 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 Bonds.

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

Section 7.09. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Series 1999 A Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and 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, to protect the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Ordinance and otherwise shall be deposited in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer shall also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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.

Section 7.10. Certificate of Consulting Engineers: Engineering Services. Prior to or on the date of issuance of the Series 1999 A Bonds, the Issuer shall obtain the certificate of the Consulting Engineers, in the form attached to the Loan Agreement, to the effect that the Project has been designed as provided in the Program application and will be constructed in accordance with the approved plans, specifications and design as submitted to the DEP, that the Project will be adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP is sufficient to pay the costs of the 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 resident 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. Such resident engineer shall certify to the Authority, the DEP and the Issuer, at the

completion of construction of the Project, that construction 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, the form of which is attached as Exhibit A to the Loan Agreement and is incorporated herein by reference, 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 to comply with any and all State and federal standards. The Issuer shall employ qualified operating personnel, properly certified by the State before the Project is 25% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

The Issuer shall employ qualified operating personnel, properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.11. Compliance With Loan Agreement, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System. The Issuer shall comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

Section 7.12. No Free Services. The Issuer will not render or cause to be rendered any free services, of any nature, by its 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 himself or herself 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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.13. Enforcement of Collections. The Issuer shall diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (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. The Issuer further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 7.14. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.15. 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 Agreement 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 of the System, at all reasonable times, following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer shall 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 owner of a Bond or Bonds issued pursuant to the Ordinance shall have the right, at all reasonable times,

to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as the Council shall direct.

The Issuer shall file with the Authority and DEP, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds or other obligations Outstanding and secured by a lien on the Net Revenues of the System.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Ordinance, and shall submit said report to the Authority and the DEP. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Issuer's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements.

The Issuer shall, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, each month complete a Monthly Financial Report and forward a copy by the 10th of each month to the Authority and the DEP.

The Issuer shall, during construction of the Project, complete Payment Requisition Forms, the form of which is attached to the Loan Agreement as Exhibit C and is incorporated herein by reference, and forward a copy to the DEP in compliance with the Issuer's construction schedule.

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 Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority or 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 of the Project, the Issuer shall also 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 7.16. Operating Budget. 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 Authority and the DEP within thirty days of the 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 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 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 to the Authority and to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.17. Mandatory Connection. The mandatory use of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and 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 Division 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 matter from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division 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 7.18. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Bond Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 1999 A Bonds and shall be on a parity with the statutory mortgage lien of the Prior Bonds.

Section 7.19. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 7.20. Contract. A. The Issuer shall, simultaneously with the delivery of the Series 1999 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 1999 A Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 1999 A Bonds made available due to bid or construction or project underruns.

Section 7.21. Covenant to Amend Ordinance. The Issuer retains the right to make any amendments, insertions or deletions by Supplemental Resolution to this Ordinance as the Issuer deems necessary prior to the issuance of the Series 1999 A Bonds to meet the requirements of the Authority and the DEP.

## ARTICLE VIII

### INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specified 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 moneys 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. 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 of such liquidation. The Depository Bank or such other bank or national banking association may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

## 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 1999 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or any interest on the Series 1999 A Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1999 A Bonds set forth in this Ordinance, any supplemental resolution, or in the Series 1999 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 any bank or banking association holding any fund or account hereunder or an owner of such Bonds; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Bonds, any Registered Owner of such 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 Ordinance 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 such 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 such Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 1999 A Bonds shall be on a parity with those of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to those of the Holders of the Series 1986 B Bonds.

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Issuer under the Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the

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

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or her, 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 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 Owners of Bonds issued pursuant to the Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Bondholders, and the curing and making good of any default under the provisions of the Ordinance, 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, 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 Registered Owners of the Series 1999 A Bonds the principal of and any interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to issuance of the Series 1999 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 A Bonds, no material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the Registered Owners of the Series 1999 A Bonds then Outstanding and to be affected by said modification; provided however, that no change shall be made in the maturity of the Series 1999 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of the Series 1999 A Bonds required for consent to the above permitted amendments or modifications.

Section 11.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 11.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed; provided, that in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive) so long as the Prior Bonds are outstanding.

Section 11.04. Covenant of Due Procedure. 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 final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council 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 11.05. Abstract of Ordinance and Notice of Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least six full days intervening between each publication, in The Logan Banner, a qualified newspaper of general circulation in the Town of Chapmanville, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 1999 A Bonds, and that any

person interested may appear before the Issuer upon a certain date, 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 Issuer for review by interested persons during office hours of the Issuer. The Council hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

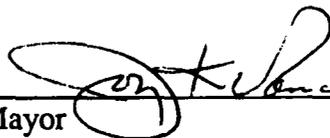
Section 11.06. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

First Reading: July 22, 1999

Second Reading and Passage: July 29, 1999

Public Hearing and Third Reading: August 12, 1999

This Ordinance was placed into effect following the public hearing held on August 12, 1999.

  
\_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Recorder

EXHIBIT A

Project Description

The Project consists of approximately 4,800 linear feet of gravity sewer mains, 29 manholes and all necessary appurtenances, providing sewer service to 32 homes in the Shelton Smith Acres area of the Issuer.

EXHIBIT B

TOWN OF CHAPMANVILLE, WEST VIRGINIA

NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on July 29, 1999, the Council of the Town of Chapmanville, West Virginia (the "Issuer"), adopted an ordinance which:

1. Authorized the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage portion of the existing combined waterworks and sewerage system ("System") of the Issuer and the financing of the cost, not otherwise provided, thereof through the issuance of \$140,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program) (the "Bonds"). The Project, estimated at \$440,000, was authorized to be financed with proceeds of the Bonds and with a grant from the Governor's Contingency Fund in the amount of \$300,000.

2. Directed that the Bonds be issued in the form of one bond, fully registered with a record of advances and a debt service schedule attached, at an interest rate of zero percent (0%) per annum, plus a one percent (1%) administrative fee; that the Bonds mature in not more than twenty years and that the Bonds be sold for the par value thereof; that the Bonds be executed in the name of the Issuer by the Mayor, and the seal of the Issuer be affixed thereto and attested to by the Recorder; that the Bonds be duly authenticated by the Registrar and delivered to the West Virginia Water Development Authority as the Original Purchaser on behalf of the West Virginia Division of Environmental Protection.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and any interest when due; provided for the creation of a reserve account for the Bonds and continuation of the Renewal

and Replacement Fund; and provided for the use of excess funds of the System.

4. Provided for the disbursement of Bond proceeds and created a Bond Construction Trust Fund.

5. Pledged to payment of the Bonds the Net Revenues of the System on a parity with the Issuer's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and Waterworks and Sewerage System Revenue Bonds, Series 1992, and senior to the Issuer's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986.

6. Provided certain conditions for the issuance of additional bonds.

7. Provided for insurance coverage on the Project; provided that the Issuer will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

8. Established the terms for defaults and the remedies of the Bondholders.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Chapmanville at a regular meeting thereof at 7:00 p.m., prevailing time, on August 12, 1999, at the Town Hall, 6107 Vance Street, Chapmanville, West Virginia, and present objections and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the above-described Ordinance is on file with the Recorder for review by interested persons during the office hours of the Town Hall, to-wit: 8:30 a.m. to 4:00 p.m., Monday through Friday.

Claude Workman  
Recorder-Town of Chapmanville,  
West Virginia

CERTIFICATION

Certified a true copy of a Bond Ordinance duly enacted by the Council of the Town of Chapmanville, on August 12, 1999.

Dated this 24<sup>th</sup> day of August, 1999.

[SEAL]

  
Recorder

08/10/99  
003791/00301

TOWN OF CHAPMANVILLE

AN ORDINANCE AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF CHAPMANVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATER AND SEWER SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA CWSRF 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 CHAPMANVILLE:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 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 Chapmanville, West Virginia (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Logan County of said State. The Issuer presently owns and operates a public combined waterworks and sewerage system (together with the Project, as hereinafter defined, and any other further additions or extensions, the "System").

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain extensions, additions, betterments and

improvements to the System of the Issuer, consisting of the design of modifications and upgrades to the wastewater treatment facility, which modifications and upgrades to be designed include increasing system capacity and replacing fifteen (15) manholes, 3 pumping stations, 1 grinder pumping station, and 6,500 linear feet of gravity sewer line, and other upgrades and improvements to the existing sewerage portion of the System (as hereinafter defined), together with all appurtenant facilities (the design of the aforementioned improvements and extensions is herein referred to as the "Project"), in accordance with the plans and specifications to be prepared by the Consulting Engineers.

C. The Issuer intends to permanently finance the costs of design of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Waterworks and Sewerage System Revenue Bonds in one series being the "Combined Water and Sewer System Design Revenue Bonds, Series 2013 A (West Virginia CWSRF Program)" in an amount not to exceed \$400,000 (the "Series 2013 A Bonds"), to permanently finance the costs of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2013 A Bonds prior to and during the Project and for a period not exceeding 6 months after completion of the Project; amounts which may be deposited in the Reserve Accounts (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 hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2013 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, 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 2013 A Bonds or the repayment of indebtedness incurred by the issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of certain extensions, additions, betterments and improvements to the existing public sewerage facilities of the Issuer as defined in Section 1.02.B is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2013 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"), the agreement in form satisfactory to the respective parties (the "Bond Purchase Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The Series 2013 A Bonds shall be issued on a parity with the Series 1992 A Bonds and the Series 1999 A Bonds, and senior and prior to the Series 1986 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1999 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Series 1992 A Bonds and the Series 1999 A Bonds are met; (ii) the written consent of the Holders of the Series 1992 A Bonds and the Series 1999 A Bonds to the issuance of the Series 2013 A Bonds on a parity with the Series 1992 A Bonds and the Series 1999 A Bonds; and (iii) the written consent of the Holders of the Series 1986 B Bonds to the issuance of the Series 2013 A Bonds on a senior and prior basis to the Series 1986 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2013 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the Project, the Contract, the System and issuance of the Series 2013 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 Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein 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 2013 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 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 Registered Owners, 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 2013 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, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

**“Act”** means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

**“Authority”** means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2013 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.

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

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

**“Bond Purchase Agreement”** means the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2013 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 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 2013 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

**“Closing Date”** means the date upon which there is an exchange of the Series 2013 A Bonds for all or a portion of the proceeds of the Series 2013 A Bonds from the Authority.

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

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

**“Consulting Engineers”** means Dunn Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article I 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.

**“Contract”** means the contract for preconstruction engineering services for the Project by and between the Issuer and the Consulting Engineers.

**“Costs”** or **“Costs of the Project”** means those costs described in Section 1.02D hereof to be a part of the cost of design of the Project.

**“Council”** means the West Virginia Infrastructure and Jobs Development Council.

**“CWSRF 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.

**“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 Town Council, 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 Section 8.01 hereof).

“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 Chapmanville, a municipal corporation organized and existing under the laws of the State of West Virginia in Logan 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 2013 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts.

“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 designated as such for the Series 2013 A Bonds in the Supplemental Resolution.**

**“Prior Bonds” means, collectively, the Series 1986 B Bonds, the Series 1992 A Bonds and the Series 1999 A Bonds.**

**“Prior Bonds Reserve Accounts” means, collectively, the respective reserve accounts created for the Prior Bonds, as more fully described and defined in the Prior Ordinances.**

**“Prior Ordinances” means, collectively, the Ordinances authorizing the Prior Bonds.**

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

**“PSC” means the Public Service Commission of West Virginia and any successor to the functions thereof.**

**“PSC Order” means the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing of the Project.**

**“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.

“Registrar” means the Bond Registrar.

“Regulations” means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

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

“Reserve Accounts” means the reserve accounts established for the Series 2013 A Bonds and the Prior Bonds.

**“Reserve Requirements”** means the amount required to be on deposit in the Reserve Account of the Series 2013 A Bonds and the Prior Bonds, if any.

**“Revenue Fund”** means the Revenue Fund established by the Prior Ordinances and continued by Section 5.01 hereof.

**“Series 1986 B Bonds”** means the Issuer’s Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 B, dated March 25, 1986, issued in the original principal amount of \$99,740.

**“Series 1992 A Bonds”** means the Issuer’s Waterworks and Sewerage System Revenue Bonds, Series 1992 A, dated October 23, 1992, issued in the original principal amount of \$757,533.

**“Series 1999 A Bonds”** means the Issuer’s Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), dated August 24, 1999, issued in the original principal amount of \$140,000.

**Series 2013 A Bonds”** means the Combined Water and Sewer System Design Revenue Bonds, Series 2013 A (West Virginia CWSRF Program), of the Issuer, authorized by this Ordinance.

**“Series 2013 A Bonds Project Fund”** means the Series 2013 A Bonds Project Fund established by Section 5.01 hereof.

**“Series 2013 A Bonds Reserve Account”** means the Series 2013 A Bonds Reserve Account established by Section 5.02 hereof.

**“Series 2013 A Bonds Reserve Requirement”** means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2013 A Bonds in the then current year or any succeeding year.

**“Series 2013 A Bonds Sinking Fund”** means the Series 2013 A Bonds Sinking Fund established by Section 5.02 hereof.

**“Sinking Funds”** means the Sinking Funds established for the Series 2013 A Bonds and the Prior Bonds.

**“SRF Administrative Fee”** means any administrative fee required to be paid under the Bond Purchase Agreement for the Series 2013 A Bonds.

**“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 or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2013 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2013 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 Series 2013 A Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

**“System”** means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part, and shall include any and all additions, improvements, and extensions constructed or acquired for said system from any source whatsoever.

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

**“Town Council”** shall mean the Council of the Issuer.

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 THE PROJECT

**Section 2.01. Authorization of the Undertaking of the Project.** There is hereby authorized and ordered the undertaking of the Project, at an estimated cost of not to exceed \$400,000. The proceeds of the Series 2013 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer is hereby authorized and directed to enter into the Contract with the Consulting Engineers.

**Section 2.02. Approval of Bond Purchase Agreement.** The Bond Purchase Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated in this Ordinance. The Bonds shall be sold to the Authority pursuant to the terms and conditions of the Bond Purchase Agreement.

## 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, if any, on the Series 2013 A Bonds, funding a Reserve Account for the Series 2013 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2013 A Bonds 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 negotiable Series 2013 A Bonds of the Issuer. The Series 2013 A Bonds shall be issued in one series, as a single bond, designated as the “Combined Water and Sewer System Design Revenue Bonds, Series 2013 A (West Virginia CWSRF Program),” in the principal amount not to exceed \$400,000, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2013 A Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest, if any, on the Series 2013 A Bonds, if any, shall be deposited in or credited to the Series 2013 A Bonds Project Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

**Section 3.02. Terms of Bonds.** The Series 2013 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 rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2013 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 on the Series 2013 A Bonds, if any, shall be paid by check or draft of the Paying 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 2013 A Bonds shall be issued in the form of a single bond, for each series fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2013 A Bonds. The Series 2013 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 bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

**Section 3.03. Execution of Bonds.** The Series 2013 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 2013 A Bonds shall cease to be such officer of the Issuer before the Series 2013 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 2013 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 such Bonds such person may not have held such office or may not have been so authorized.

**Section 3.04. Authentication and Registration.** The Bond Registrar for the Series 2013 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2013 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 forms 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 2013 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 2013 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 2013 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 such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2013 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 Bonds.

The registered Series 2013 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 2013 A Bonds or transferring the registered Series 2013 A Bonds are exercised, all Series 2013 A Bonds shall be

delivered in accordance with the provisions of this Bond Legislation. All Series 2013 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2013 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 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2013 A Bonds or, in the case of any proposed redemption of Series 2013 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 2013 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 2013 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2013 A Bonds or the interest, if any, thereon.

**Section 3.08. Bonds Secured by Pledge of Net Revenues: Lien Positions with Respect to Prior Bonds.** The payments required by the Series 2013 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Series 1992 A Bonds and Series 1999 A Bonds, and senior and prior to the lien on the Net Revenues in favor of the Registered Owners of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2013 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

**Section 3.09. Delivery of Bonds.** The Issuer shall execute and deliver the Series 2013 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and

deliver the Series 2013 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 2013 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 2013 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 2013 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2013 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:

(FORM OF SERIES 2013 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF CHAPMANVILLE  
COMBINED WATER AND SEWER SYSTEM DESIGN REVENUE BONDS,  
SERIES 2013 A  
(WEST VIRGINIA CWSRF PROGRAM)

No. AR-1 \$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: The \_\_\_\_ day of \_\_\_\_\_, 2013, that The TOWN OF CHAPMANVILLE, a municipal corporation organized and existing under the laws of the State of West Virginia in Logan 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 \_\_% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_, as set forth on said EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear [no interest]. Principal and interest 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 by and among the Issuer, the Authority and the DEP, dated \_\_\_\_\_, 2013.

This Bond is issued (i) to pay a portion of the costs of design of improvements and extensions to the existing sewerage portion of the public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the

Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2013 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 A, DATED OCTOBER 23, 1992, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$757,533 (THE "SERIES 1992 A BONDS"); AND (2) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA CLEAN WATER SRF PROGRAM), DATED AUGUST 24, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$140,000 (THE "SERIES 1999 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUPPLEMENTAL SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986 B, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$99,740 (THE "SERIES 1986 B BONDS").

The Series 1986 B Bonds, the Series 1992 A Bonds and the Series 1999 A Bonds are herein collectively called the "Prior Bonds."

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1992 A Bonds and the Series 1999 A Bonds and senior and prior to the lien of the Series 1986 B Bonds, monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2013 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 shall be set aside as a special fund hereby pledged for such purpose.

This Bond does not constitute an 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, except from said special fund provided from the Net Revenues, the monies in the Series 2013 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 prior to or on a parity with the Bonds, including the Prior Bonds. 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 United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

**IN WITNESS WHEREOF**, The TOWN OF CHAPMANVILLE has caused this Bond to be signed by its Mayor and its corporate seal, if any, 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]

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Mayor

ATTEST:

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Recorder

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

**This Bond is one of the Series 2013 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: \_\_\_\_\_, 2013.**

**UNITED BANK, INC.,  
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: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2013 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 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, is hereby approved and incorporated into this Bond Legislation.

**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 (or continued) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by Prior Ordinance);
- (2) Renewal and Replacement Fund (established by Prior Ordinance);
- (3) Costs of Issuance Fund (established by Prior Resolution);
- (4) Rebate Fund (established by Prior Ordinance); and
- (5) Series 2013 A Bonds Project 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 1986 B Bonds Sinking Fund (established by Prior Ordinance);
- (2) Series 1986 B Bonds Reserve Account (established by Prior Ordinance);
- (3) Series 1992 A Bonds Sinking Fund (established by Prior Ordinance);
- (4) Series 1992 A Bonds Reserve Account (established by Prior Ordinance);
- (5) Series 1999 A Bonds Sinking Fund (established by Prior Ordinance);
- (6) Series 1999 A Bonds Sinking Fund (established by Prior Ordinance);
- (7) Series 2013 A Bonds Sinking Fund; and
- (8) Series 2013 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 herein provided. All revenues

at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1992 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of interest on the Series 1992 A Bonds; and (ii) commencing 4 months prior to the first date of payment of interest of the Series 2013 A Bonds for which interest has not been capitalized or as required in the Bond Purchase Agreement, for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest, if any, which will become due on the Series 2013 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2013 A Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1992 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 1992 A Bonds; (ii) the Series 1999 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 1999 A Bonds; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal, if any, which will mature and become due on the Series 2013 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2013 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1992 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) the Series 1999 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2013 A Bonds, if not fully funded upon issuance of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency 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 account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bond Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 1986 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bond Reserve Account, the amount required by the Prior Ordinances to be deposited therein.

After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2013 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2013 A Bonds, as the same shall become due. Monies in the Series 2013 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2013 A Bonds, as the same shall come due, when other monies in the Series 2013 A Bonds Sinking Fund, are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during the Project, be deposited in the Series 2013 A Bond Project Fund, and following completion 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 2013 A Bonds, and then to the next ensuing principal payment, if any, due thereon, all on a pro rata basis.

Any withdrawals from the Series 2013 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2013 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 order set forth above.

As and when additional Bonds ranking on a parity with the Series 2013 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and principal on such additional parity Bonds to accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2013 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2013 A Bonds, in accordance with the respective principal amounts then Outstanding. The Commission is hereby designated as the fiscal agent for the administration of the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2013 A Bonds, under the conditions and restrictions set forth herein.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata, with respect to the Series 1992 A Bonds, the Series 1999 A Bonds and the Series 2013 A Bonds, in accordance with respective principal amounts then outstanding, and thereafter, with respect to the Series 1986 B Bonds.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments, if any, with respect to the Series 2013 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each

month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement for the Series 2013 A Bonds.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the respective parties 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 at 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 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 shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2013 A Bonds Project Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

### BOND PROCEEDS; DISBURSEMENTS

**Section 6.01. Application of Bond Proceeds: Pledge of Unexpended Bond Proceeds.** From the monies received from the sale of the Series 2013 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2013 A Bonds, there shall first be deposited with the Commission in the Series 2013 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2013 A Bonds for the period commencing on the date of issuance of the Series 2013 A Bonds and ending 6 months after the estimated date of completion of the Project.

B. Next, from the proceeds of the Series 2013 A Bonds, there shall be deposited with the Commission in the Series 2013 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2013 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2013 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2013 A Bonds Project Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2013 A Bonds.

D. After completion of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2013 A Bonds shall be applied as directed by the DEP.

**Section 6.02. Disbursements From the Bond Project Fund.**

On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2013 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2013 A Bonds Project 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 for the Series 2013 A Bonds, in compliance with the Project schedule.

Pending such application, monies in the Series 2013 A Bond Project Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

**Section 7.01. General Covenants of the Issuer.** All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the 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 2013 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 2013 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 2013 A Bonds shall not be nor constitute an 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 Registered Owner of the Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 A Bonds or the interest thereon.

**Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds.** The payments required by the Series 2013 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien of such Net Revenues in favor of the Holders of the Series 1992 A Bonds and Series 1999 A Bonds, and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2013 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

**Section 7.04. Initial Schedule of 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 shall provide an opinion of counsel to the Issuer of 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.

So long as the Series 2013 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, fees and charges initially established for the System in connection with the Series 2013 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, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Series 2013 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 2013 A Bonds, immediately be remitted to the Commission for deposit in the Renewal and Replacement Fund, and, with the written permission of the DEP and 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 2013 A Bonds. Any balance remaining after the payment of the Series 2013 A Bonds and 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, 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 in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the

then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

**Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances.** Except as provided 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 2013 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2013 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, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2013 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2013 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2013 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the DEP and the Authority 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, or any other obligations related to the Project or the System.

**Section 7.07. Parity Bonds.** So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2013 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2013 A Bonds.

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

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary 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 expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

The "estimated average increased annual Net Revenues expected 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 adopted by the Issuer, the time for appeal of which shall have expired 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 herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2013 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2013 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 the Project. The Issuer shall permit the DEP and the Authority, 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 DEP and the Authority such documents and information as they may reasonably require in connection with 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 DEP and the Authority, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of the Project, or, at any reasonable time following commencement of the Project.

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

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

The Issuer shall file with the DEP, the Authority, or any other original purchaser of the Series 2013 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2013 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 and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2013 A Bonds, and shall submit said report to the DEP and the Authority, or any other original purchaser of the Series 2013 A Bonds. Such audit report submitted to the DEP and the Authority 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.

The Issuer shall permit the DEP and the Authority, or their agents and representatives, to enter and inspect the System at all reasonable times. Prior to, during and after completion of the Project, the Issuer shall also provide the DEP and the Authority, 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 DEP and the Authority with respect to the System pursuant to the Act.

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 for the Series 2013 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2013 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, 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 2013 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 2013 A Bonds, including the Prior Bonds;

provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2013 A Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 2013 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2013 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 2013 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

**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 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 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 to the DEP and the Authority and to any Holder of any Bonds, within 30 days of adoption thereof, 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 and the Authority and to any Holder of any Bonds, or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date the Contract is executed for 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 respective Bond Purchase Agreements, and forward a copy of such report to the DEP and the Authority by the 10<sup>th</sup> 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 funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Bond Purchase Agreement.

**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 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of any 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 or sewer facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water and sewer providers, 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.** Except as required by law, 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.** The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) **FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE**, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

(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) **WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR.**

(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.

Section 7.16. **Mandatory Connections.** The mandatory use of the sewerage facilities portion 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 PSC, 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 will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2013 A Bonds are outstanding.

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

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 7.18. Reserved.**

**Section 7.19. Statutory Mortgage Lien.** For the further protection of the Holders of the Series 2013 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2013 A Bonds and shall be on a parity with the Prior Bonds.

**Section 7.20. 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 will provide the DEP with copies of all documents submitted to the Authority.

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

**Section 7.21. Reserved.**

**Section 7.22. Contracts; Change Orders; Public Releases.**

**A. The Issuer shall, simultaneously with the delivery of the Series 2013 A Bonds or immediately thereafter, enter into the Contract with the Consulting Engineer for the immediate undertaking of the Project.**

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

## ARTICLE VIII

### INVESTMENT OF FUNDS

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

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

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 2013 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2013 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 2013 A Bonds as a condition to issuance of the Series 2013 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 2013 A Bonds as may be necessary in order to maintain the status of the Series 2013 A Bonds as public purpose 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 2013 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 2013 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 Ordinance.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2013 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 2013 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2013 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 2013 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2013 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, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with the Prior Bonds.

**Section 9.02. Remedies.** Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2013 A Bonds shall be on a parity with the Holders of the Prior Bonds.

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

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

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

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

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

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

## ARTICLE X

### PAYMENT OF BONDS

**Section 10.01. Payment of Bonds.** If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2013 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of 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 2013 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 2013 A Bonds from gross income for federal income tax purposes.

Series 2013 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2013 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2013 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2013 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor monies deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2013 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01. Amendment or Modification of Bond Legislation.** Prior to issuance of the Series 2013 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2013 A Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2013 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2013 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 thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefore without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of 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 2013 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 2013 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 2013 A Bonds.

**Section 11.04. Headings.** 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 orders or resolutions, 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 Chairman, Secretary 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.

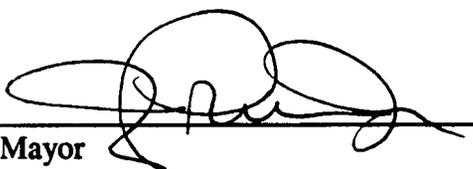
**Section 11.07. Statutory Notice and Public Hearing.** Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least 6 full days intervening between each publication, in The Logan Banner, a qualified newspaper published and of general circulation in The Town of Chapmanville, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2013 A Bonds, and that any person interested may appear before the Town Council upon a certain date, not less than 10 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 Issuer for review by interested persons during office hours of the Issuer. The Town Council hereby determines that the abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Town Council shall take such action as it shall deem proper in the premises.

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

First Reading:	October 15, 2013
Second Reading	November 12, 2013
Final Reading/Public Hearing:	December 9, 2013

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Enacted this 9th day of December, 2013.

  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly adopted by the Council of the TOWN OF CHAPMANVILLE on the 9th day of December, 2013.

Dated: December 9, 2013.

[SEAL]

  
Recorder

**EXHIBIT A**

**Bond Purchase Agreement included in bond transcript as Document No. \_\_ (Tab No. \_\_).**

**EXHIBIT B**

**TOWN OF CHAPMANVILLE, WEST VIRGINIA**

**NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE**

Notice is hereby given to any person interested that on \_\_\_\_\_, 2013, the Town Council of The Town of Chapmanville, West Virginia (the "Town") adopted an ordinance which, among other things:

1. Authorized the design of certain extensions, additions, betterments and improvements (the "Project") to the Town's existing combined waterworks and sewerage system (the "System"), the permanent financing of such costs thereof through the issuance of not more than \$400,000 in aggregate principal amount of Combined Water and Sewer System Design Revenue Bonds (West Virginia CWSRF Program), Series 2013 A (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the System revenues; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds and creation of the renewal and replacement fund; and directed the creation of a bond Project fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute a corporate indebtedness of the Town within the meaning of any statutory or constitutional limitations, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to such Net Revenues; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of fees, rates or other charges for the System and other covenants in favor of the registered owners; established the events of default and the remedies of the registered owners; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Town contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The Town of Chapmanville at a regular meeting on \_\_\_\_\_, 2013, at \_\_\_\_\_ .m., in the Council Chambers, Town Hall, Chapmanville, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of Town on \_\_\_\_\_, 2013, is on file with the Recorder for review by interested persons at the Town Hall during regular office hours.

---

Town Recorder of The Town of Chapmanville,  
West Virginia

**TOWN OF CHAPMANVILLE  
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,  
SERIES 2013 A (WEST VIRGINIA CWSRF PROGRAM)**

**BOND ORDINANCE**

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**TOWN OF CHAPMANVILLE  
COMBINED WATER AND SEWER SYSTEM DESIGN REVENUE BONDS,  
SERIES 2013 A (WEST VIRGINIA CWSRF PROGRAM)**

**SUPPLEMENTAL RESOLUTION**

**SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF CHAPMANVILLE COMBINED WATER AND SEWER SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA CWSRF PROGRAM); DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.**

WHEREAS, the Town Council (the "Governing Body") of the Town of Chapmanville (the "Issuer") has duly and officially passed a Bond Ordinance on November 12, 2013, effective December 9, 2013 (the "Ordinance"), entitled:

**AN ORDINANCE AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF CHAPMANVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATER AND SEWER SYSTEM DESIGN REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA CWSRF 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, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance when used herein;

WHEREAS, the Ordinance provides for the issuance of the Combined Water and Sewer System Design Revenue Bonds, of the Issuer, in an aggregate principal amount not to exceed \$400,000 (the "Bonds"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of each series of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer desires to issue its Combined Water and Sewer System Design Revenue Bonds, Series 2013 A (West Virginia CWSRF Program) (the "Series 2013 A Bonds" or the "Bonds") pursuant to the Ordinance;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CHAPMANVILLE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in the Logan Banner, a qualified newspaper published and of general circulation in the Issuer, with the first publication thereof being not less than 10 days before the day set by the Bond Ordinance and the Notice for the public hearing at which interested persons may appear before the Governing Body and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Town Hall, 329 West Tiger Lane, Chapmanville, West Virginia, on December 9, 2013, at 7:00 p.m., prevailing time, in accordance with the Bond Ordinance and the

Notice, the Governing Body met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. The Issuer shall sell the Bonds to the Authority on behalf of the DEP pursuant to the Bond Purchase Agreement.

Section 3. Pursuant to the Ordinance, there are hereby authorized to issue the following Bonds of the Issuer:

The Town of Chapmanville Combined Water and Sewer System Design Revenue Bonds, Series 2013 A (West Virginia CWSRF Program), shall be in the form of a single bond, shall be issued in the principal amount of \$400,000, shall be dated such date, shall finally mature no later than December 1, 2053, and shall bear no interest. The principal and interest of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2015, in the amounts as set forth in the Schedule Y attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2013 A Bonds. The Series 2013 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2013 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2013 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

Section 4. The Issuer hereby appoints and designates Chapmanville Bank of Logan Bank & Trust, Chapmanville, West Virginia, to serve as Depository Bank for the Bonds under the Ordinance.

Section 5. The Municipal Bond Commission (the "Commission") is appointed as Paying Agent for the Bonds.

Section 6. 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 7. The Bond Purchase Agreement and the execution and delivery by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and

omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Bonds, including the payment of all necessary fees and expenses in connection therewith.

**Section 8.** The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Ordinance and approves and accepts 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, directed and approved.

**Section 9.** The Mayor and 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 Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Bond Purchase Agreement on or about December 12, 2013.

**Section 10.** The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of direct obligations of, or obligations the timely payment of principals of and interest on which is guaranteed by, the United States of America, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer.

**Section 11.** Series 2013 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2013 A Bonds Sinking Fund, as capitalized interest.

**Section 12.** Series 2013 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2013 A Bonds Reserve Account.

**Section 13.** The balance of the proceeds of the Series 2013 A Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2013 A Bonds Project Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2013 A Bonds and related costs.

**Section 14.** The Project and the financing thereof, in part with proceeds of the Series 2013 A Bonds, is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

**Section 15.** 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 16.** The Issuer hereby approves and accepts all contracts relating to the financing and undertaking of the Project.

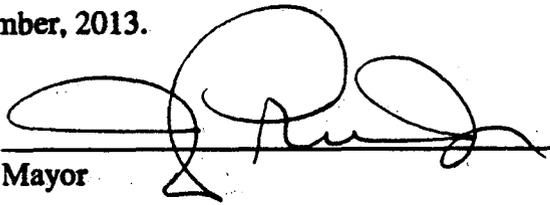
**Section 17.** The Issuer shall not permit at any time or times any of the proceeds of the Series 2013 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2013 A Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2013 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

**Section 18.** The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

**Section 19.** This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 9th day of December, 2013.

  
\_\_\_\_\_  
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Town Council of the TOWN OF CHAPMANVILLE on the 9th day of December, 2013.

Dated this 9th day of December, 2013.

[SEAL]

  
Recorder

**TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)**

**GENERAL CERTIFICATE ON:**

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. LOAN AGREEMENT
11. SPECIMEN BOND
12. BOND PROCEEDS
13. PUBLICATION AND PUBLIC HEARING ON BOND  
ORDINANCE
14. LAND AND RIGHTS-OF-WAY
15. PUBLIC SERVICE COMMISSION ORDER
16. CONFLICTS OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. VERIFICATION OF SCHEDULE B
19. CLEAN WATER ACT
20. COUNTERPARTS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Chapmanville in Logan County, West Virginia (the “Issuer”), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), numbered AR-1, dated the date hereof, in the principal amount of \$1,505,000 (the “Bonds”), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly passed by the Issuer on April 15, 2014, effective May 12, 2014 as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 12, 2014 (collectively, the “Ordinance”), and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the “Authority”), on behalf of the West Virginia Bureau of Public Health (“BPH”), dated May 22, 2014 (the “Loan Agreement”).

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or

affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project as described in the Ordinance (the "Project"), the operation of the Issuer's Combined Waterworks and Sewerage System (the "System"), the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Governing Body; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect. The Issuer has received the Drug Free Workplace affidavits from the successful bidders required by Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Bonds are issued on a parity with the Issuer's Series 1999 A Bonds and Series 2013 A Bonds, and senior and prior to the Issuer's Series 1986 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the registered owners of the Prior Bonds to the issuance of the Bonds on a parity with the Series 1999 A Bonds and Series 2013 A Bonds and senior and prior to the Series 1986 B Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the terms and provisions of the Prior Bonds and the Prior Ordinances.

5. **SIGNATURES AND DELIVERY:** The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his manual signature; and the Registrar

did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement.

6. RATES: The Issuer has duly enacted a sewer rate ordinance on December 10, 2012, setting forth the sewer rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect. The Issuer has duly enacted a water rate ordinance on July 8, 2013, setting forth the water rates and charges for the services of the System. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Town of Chapmanville." The Issuer is a municipal corporation presently existing under the laws of, and a political subdivision of, the State of West Virginia in Logan County of said State. The governing body of the Issuer is its Town Council, consisting of the Mayor, the Recorder and 5 council members duly elected, appointed, qualified and acting members, whose names and dates of termination of their current terms are as follows:

<u>Name</u>	<u>Title</u>	<u>Date of Termination of Office</u>
Jerry Price, Jr.	Mayor	June 30, 2015
Claude Workman	Recorder	June 30, 2015
Estel Murray	Council Member	June 30, 2015
Paul Christian	Council Member	June 30, 2015
Anita Hagerty	Council Member	June 30, 2015
Mike Collins	Council Member	June 30, 2015
James Robinson	Council Member	June 30, 2015

The duly appointed and acting attorney for the Issuer is Robert B. Kuenzel, Esq., Chapmanville, West Virginia. The duly appointed and acting attorney for the Chapmanville Municipal Water Works is H. Wyatt Hanna, III, Esq., South Charleston, West Virginia.

8. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the Systems were authorized or adopted at meetings of the Governing Body duly and regularly or specifically called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected or appointed, 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. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain workers' compensation, public liability and property damage insurance,

standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Loan Agreement. All insurance for the Systems required by the Ordinance and the Loan Agreement is in full force and effect.

10. **LOAN AGREEMENT:** As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statements of 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 Loan Agreement, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

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

11. **SPECIMEN BOND:** Attached hereto as Exhibit A is a specimen of the Bond which is identical in all respects with the Bond this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

12. **BOND PROCEEDS:** On the date hereof, the Issuer received \$37,625 from the Authority and the BPH, being a portion of the principal amount of the Series 2014 A Bonds and more than a de minimus amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

13. **PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE:** Upon adoption of the 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 Logan Banner, a qualified newspaper of general circulation in the Issuer, together with a notice to all persons concerned, stating that the Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on May 12, 2014, at 7:00 p.m., prevailing time, for the Ordinance, in the council chambers of the Town Hall in Chapmanville, West Virginia, and present protests, and stating that a certified copy of the Ordinance were 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

Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

14. **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 Systems 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.

15. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Recommended Decision dated November 6, 2013, which became the final PSC Order on November 26, 2013, in Case No. 13-1142-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the PSC Order has expired prior to the date hereof. Such Order remains in full force and effect.

16. **CONFLICTS OF INTEREST:** No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Ordinance, 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.

17. **PROCUREMENT OF ENGINEERING SERVICES:** The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineers.

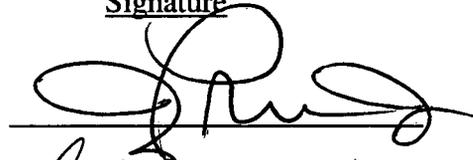
18. **VERIFICATION OF SCHEDULE B:** The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineers, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

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

20. **COUNTERPARTS:** This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of the Town of Chapmanville on this 22<sup>nd</sup> day of May, 2014.

[SEAL]

<u>Signature</u>	<u>Official Title</u>
	Mayor
 Claude Watson	Recorder
	Attorney

WITNESS our signatures and the official corporate seal of the Town of Chapmanville on this 22<sup>nd</sup> day of May, 2014.

[SEAL]

Signature

Official Title

\_\_\_\_\_

Mayor

\_\_\_\_\_

Recorder

A. Wyatt III

Attorney

**EXHIBIT A**

**See 2014 A Specimen Bond (Tab No. 14)**

**TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)**

**CERTIFICATE AS TO USE OF PROCEEDS**

On this 22<sup>nd</sup> day of May, 2014, the undersigned Mayor of the Town of Chapmanville in Logan County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$1,505,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) (the "Series 2014 A Bonds" or the "Bonds"), of the Issuer and dated May 22, 2014, hereby certify 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 same meanings as set forth in the Bond Ordinance duly passed by the Issuer on April 15, 2014, effective May 12, 2014 as supplemented by the Supplemental Resolution passed by the Issuer on May 12, 2014 (collectively, the "Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 22, 2014, the date on which the Bonds are to be physically delivered in exchange for a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. The Series 2014 A Bonds were sold on May 22, 2014, to the Authority, pursuant to a loan agreement dated May 22, 2014, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of \$1,505,000 (100% of par value), at which time, the Issuer received \$37,625 from the Authority and the BPH, being the first advance of the principal of the Bonds. No accrued interest has been or will be paid on 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.

5. The Series 2014 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the water portion of the combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

6. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of 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 for costs of the Project shall commence immediately and proceed with due diligence to completion and, with the exception of proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of acquisition and construction of the Project on or before May, 2015. The acquisition and construction of the Project is expected to be completed by April, 2015.

7. The total cost of the Project is estimated to be \$3,005,000. Sources and uses of funds for the Project are as follows:

**SOURCES**

Proceeds of the Series 2014 A Bonds	\$1,505,000
Small Cities Block Grant	<u>\$1,500,000</u>
Total Sources	\$3,005,000

**USES**

Costs of Project	\$2,984,500
Costs of Issuance	<u>\$ 20,500</u>
Total Uses	\$3,005,000

8. Pursuant to the Ordinance, the following special funds or accounts have been created (or continued pursuant to the Prior Ordinances):

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2014 A Bonds Construction Trust Fund;
- (4) Series 2014 A Bonds Sinking Fund; and
- (5) Series 2014 A Bonds Reserve Account;

9. Pursuant to the Ordinance, the proceeds of the Bonds will be deposited as follows:

- (1) Series 2014 A Bond proceeds in the amount of \$-0- will be deposited in the Series 2014 A Bonds Reserve Account.
- (2) The balance of the proceeds of the Series 2014 A Bonds will be deposited in the Series 2014 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and construction of the Project,

including costs of issuance of the Bonds and related costs, and for no other purpose.

10. Moneys held in the Series 2014 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2014 A Bonds Reserve Account (if equal to the Series 2014 A Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Series 2014 A Bonds Construction Trust Fund, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Ordinance.

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

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

13. With the exception of the amount deposited in the Series 2014 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.

14. 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.

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

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

17. 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.

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

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

20. The Bonds are not federally guaranteed.

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

22. The Issuer has either (a) funded the Series 2014 A Bonds Reserve Account at the maximum amount of principal and interest, if any, 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 2014 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2014 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2014 A Bonds Reserve Account and the Series 2014 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

23. 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 source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as the Bonds.

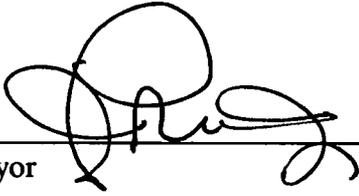
24. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

25. 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.

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

WITNESS my signature as of the date first written above.

TOWN OF CHAPMANVILLE

  
\_\_\_\_\_  
Mayor

**TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)**

**CERTIFICATE OF RECORDER AS TO TRUTH  
AND ACCURACY OF DOCUMENTS DELIVERED**

The undersigned duly elected Recorder of the Town of Chapmanville (the "Issuer"), hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Town of Chapmanville Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) (the "Bonds") are, as of the date hereof, true, complete and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.
2. Oaths of Office of Mayor, Recorder and Council Members.
3. Public Service Commission Order.
4. Infrastructure Council Approval Letter.
5. Loan Agreement.
6. Sewer and Water Rate Ordinances.
7. Minutes of Council Meetings regarding All Readings and Public Hearing of the Sewer and Water Rate Ordinances.
8. Bond Ordinance.
9. Supplemental Resolution.
10. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.

11. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinances.
12. Series 1986 B Bond Ordinance and Supplemental Resolution.
13. Series 1999 A Bond Ordinance and Supplemental Resolution.
14. Series 2013 A Bond Ordinance and Supplemental Resolution.
15. WDA Consent to Issuance of Parity Bonds.
16. Environmental Health Permit.
17. Evidence of Insurance.

WITNESS my signature and the official seal of the Town of Chapmanville on this  
22<sup>nd</sup> day of May, 2014.

  
Recorder

[SEAL]

TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF CONSULTING ENGINEER

I, Charles R. Roberts, Jr., Registered Professional Engineer, West Virginia License No. 10424, of E. L. Robinson Engineering Company, Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements consisting of the replacement of various water lines located in Logan County, West Virginia and other upgrades and improvements to the existing System (as hereinafter defined), together with all appurtenant facilities (the "Project") to the waterworks portion of the existing public combined waterworks and sewerage system (the "System") of the Town of Chapmanville (the "Issuer"), to be constructed primarily in Logan County, West Virginia, which acquisition and construction are being permanently financed by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on April 15, 2014, effective May 12, 2014, as supplemented by a Supplemental Resolution adopted by the Issuer on May 12, 2014, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Bureau of Public Health ("BPH"), dated May 22, 2014 (the "Loan Agreement").

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

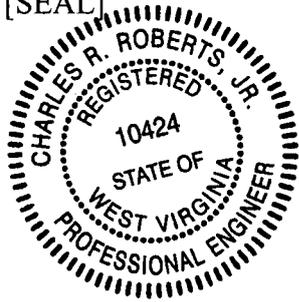
3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the BPH and any change orders approved by the Issuer, the BPH and all necessary governmental bodies; (ii) the Project was designed and will be constructed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 30 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A, and in reliance upon the opinion of H. Wyatt Hanna, III, Esq., of even date herewith, 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; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders

contain all critical operational components of the Project; (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, to the extent the plans were prepared by my firm, and operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Griffith & Associates PLLC, 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 Loan Agreement; (xi) 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 BPH; (xii) attached hereto as Exhibit A are the final amended "Schedule B - Total Cost of Project, Sources of Funds and Cost of Financing" for the Bonds associated with the Project; and (xiii) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. The Project will serve no new customers.

WITNESS my signature and seal on this 22<sup>nd</sup> day of May, 2014.

[SEAL]



  
E. L. ROBINSON ENGINEERING COMPANY  
Charles R. Roberts, Jr.  
West Virginia License No. 10424

**WVBPH - DRINKING WATER TREATMENT REVOLVING FUND - 12DWTRFB012**  
**WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL - 2012W-1312**

**FINAL SCHEDULE B**  
**TOWN OF CHAPMANVILLE WATER AND SEWER DEPARTMENT**  
**WATER SYSTEM UPGRADE PROJECT - PHASE I**  
**FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS, AND COST OF FINANCING**

April 1, 2014

A. Cost of Project	Total	SCBG	DWTRF Loan
1. Construction (Based on actual bids)			
a. Contract 1	\$1,873,501.00	\$1,081,500.00	\$792,001.00
b. Contract 2	\$346,200.00	\$0.00	\$346,200.00
c. Contract 3	\$209,000.00	\$0.00	\$209,000.00
2. Engineering Fees			
a. Design Engineering	\$110,000.00	\$110,000.00	\$0.00
b. Construction Engineering	\$30,000.00	\$30,000.00	\$0.00
c. Special Engineering	\$20,000.00	\$20,000.00	\$0.00
d. Asset Management Plan	\$20,000.00	\$20,000.00	\$0.00
e. Inspection	\$100,000.00	\$100,000.00	\$0.00
3. Legal			
a. Project Legal Services	\$5,000.00	\$5,000.00	\$0.00
b. PSC Legal Services	\$15,000.00	\$15,000.00	\$0.00
c. Property Acquisition Legal Services	\$5,000.00	\$5,000.00	\$0.00
4. Administration	\$75,000.00	\$75,000.00	\$0.00
5. Sites and Other Lands	\$10,000.00	\$10,000.00	\$0.00
6. Permits	\$10,000.00	\$10,000.00	\$0.00
7. Accountant	\$18,500.00	\$18,500.00	\$0.00
8. Contingency	\$137,299.00	\$0.00	\$137,299.00
9. Total Lines 1 Through 8	\$2,984,500.00	\$1,500,000.00	\$1,484,500.00
<b>B. Sources of Funds</b>			
10. Small Cities Block Grant	\$1,500,000.00	\$1,500,000.00	
11. Net Proceeds Required from Bond Issue (Line 9 minus Line 10)	\$1,484,500.00		\$1,484,500.00
<b>C. Cost of Financing</b>			
12. Other Costs			
a. Bond Counsel	\$20,000.00		\$20,000.00
b. Accountant	\$0.00		\$0.00
c. Capitalized Interest	\$0.00		\$0.00
d. Registrar Fee	\$500.00		\$500.00
13. Total Cost of Financing (Lines 12a Through 12d)	\$20,500.00		\$20,500.00
14. Size of Bond Issue (Line 11 Plus Line 13)	\$1,505,000.00		\$1,505,000.00

  
 GOVERNMENTAL AGENCY

  
 CONSULTING ENGINEER

DATE: 5-12-14

DATE: 5/12/14



May 22, 2014

TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

Town of Chapmanville  
Chapmanville, WV 25508

West Virginia Water Development Authority  
Charleston, WV 25301

West Virginia Department of Environmental Protection  
Charleston, WV 25311

West Virginia Bureau of Public Health  
Charleston, WV 25301

Jackson Kelly PLLC  
Charleston, WV 25301

Re: Certified Public Accountant Certificate

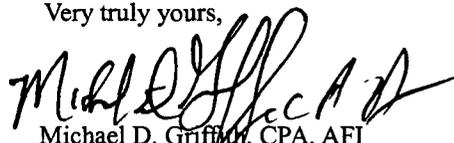
Ladies and Gentlemen:

We have reviewed the water service rates of the Town of Chapmanville (the "Issuer"), enacted by the Issuer on July 8, 2013 and the sewer service rates of the Issuer, enacted by the Issuer on December 10, 2012, and the projected operating expenses and anticipated customer usage provided by E. L. Robinson Engineering Company, the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the Combined Waterworks and Sewerage System of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the Issuer's proposed \$1,505,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program) at a rate of 0.5% with an Administrative Fee of 0.5% for a term of 30 years (the "Bonds") and all other obligations secured by or payable from revenues of the System on a parity with the Bonds, including the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1999 A, and Combined Waterworks and Sewerage Revenue Bonds, Series 2013 A, and senior and prior to the Issuer's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 B (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the 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 the Bonds, will not be less than 115% of the maximum debt service in any succeeding year on the Prior Bonds and the Bonds.

Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance authorizing the Bonds.

Very truly yours,



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

Michael D. Griffith, CPA, AFI  
[mgriffith@gcorpwr.com](mailto:mgriffith@gcorpwr.com)

950 Little Coal River Road Alum Creek, WV 25003  
Phone: (304) 756.3600 Facsimile: (304) 756.2911

TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

RECEIPT FOR BONDS

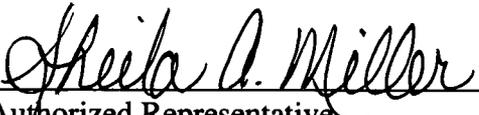
The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the 22<sup>nd</sup> day of May, 2014, in Charleston, West Virginia, the Authority received the entire original issue of \$1,505,000 in aggregate principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), of the Town of Chapmanville (the "Issuer"), dated May 22, 2014, issued in the form of one bond, fully registered to the Authority, and numbered AR-1 (the "Bonds").

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

WITNESS my signature on this 22<sup>nd</sup> day of May, 2014.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
\_\_\_\_\_  
Authorized Representative

**TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)**

**RECEIPT FOR BOND PROCEEDS**

On this 22<sup>nd</sup> day of May, 2014, the undersigned Mayor of the Town of Chapmanville (the "Issuer"), for and on behalf of the Issuer, hereby certifies that the Issuer has received on the date hereof from the West Virginia Water Development Authority (the "WDA"), the sum of \$37,625, being the first advance on the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds"). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by the WDA from time to time as construction progresses.

WITNESS my signature as of the date first written above.

TOWN OF CHAPMANVILLE

  
\_\_\_\_\_  
Mayor

TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

REQUEST AND AUTHORIZATION TO  
AUTHENTICATE AND DELIVER THE BONDS

May 22, 2014

United Bank, Inc., as Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the \$1,505,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), in the form of one bond, numbered AR-1, dated May 22, 2014 (the "Bonds"), of the Town of Chapmanville (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly passed by the Issuer on April 15, 2014, effective May 12, 2014, and a Supplemental Resolution duly adopted by the Issuer on May 12, 2014.

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

TOWN OF CHAPMANVILLE



Mayor

(SEAL)

Attest:



Recorder

TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22<sup>nd</sup> day of May, 2014, by and between the TOWN OF CHAPMANVILLE, a municipal corporation (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,505,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), in the form of one bond, numbered AR-1, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance duly enacted by the Issuer on April 15, 2014, effective May 12, 2014, and a Supplemental Resolution duly adopted May 12, 2014 (collectively, the "Ordinance");

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

WHEREAS, the Ordinance provide for an appointment by the Issuer of a Registrar for the Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the 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 Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The 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 Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

**ISSUER:**

Town of Chapmanville  
P.O. Box 426  
Chapmanville, WV 25508  
Attention: Mayor

**REGISTRAR:**

United Bank, Inc.  
500 Virginia Street, East  
Charleston, WV 5301  
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

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

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

TOWN OF CHAPMANVILLE

  
\_\_\_\_\_

Mayor

UNITED BANK, INC.

  
\_\_\_\_\_

Authorized Officer

**EXHIBIT A**

**See Bond Ordinance (Tab No. 10)  
See Supplemental Resolution (Tab No. 11)**

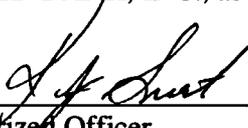
TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), of the Town of Chapmanville (the "Issuer"), dated May 22, 2014, in the principal amount of \$1,505,000, and numbered AR-1, was registered as to principal 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 Registrar.

WITNESS my signature on this 22<sup>nd</sup> day of May, 2014.

UNITED BANK, INC., as Registrar

  
\_\_\_\_\_  
Authorized Officer

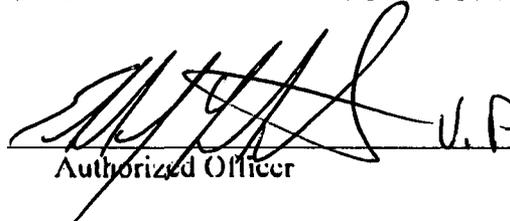
TOWN OF CHAPMANVILLE  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
SERIES 2014 A (WEST VIRGINIA DWTRF PROGRAM)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

CHAPMANVILLE BANK OF LOGAN BANK & TRUST, Chapmanville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Chapmanville (the "Issuer"), enacted by the Issuer on April 15, 2014, effective May 12, 2014, a Supplemental Resolution adopted by the Issuer on May 12, 2014 (collectively, the "Ordinance"), authorizing the issuance of the Town of Chapmanville Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), in the aggregate principal amount of \$1,505,000, dated May 22, 2014, and agrees to serve as Depository Bank, all as set forth in the Ordinance.

Witness my signature on this 22<sup>nd</sup> day of May, 2014.

CHAPMANVILLE BANK OF LOGAN BANK & TRUST

  
\_\_\_\_\_  
Authorized Officer

**WEST VIRGINIA MUNICIPAL BOND COMMISSION**

900 Pennsylvania Avenue, Suite 1117

Charleston, WV 25302

(304) 558-3971

3.12

**NEW ISSUE REPORT FORM**

Date of Report: May 22, 2014

ISSUE: Town of Chapmanville Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program)

ADDRESS: P.O. Box 426, Chapmanville, WV 25508 COUNTY: Logan

PURPOSE OF ISSUE: New Money X  
Refunding \_\_\_\_\_ Refunds issue(s) dated: \_\_\_\_\_

ISSUE DATE: May 22, 2014 CLOSING DATE: May 22, 2014

ISSUE AMOUNT: \$1,505,000 RATE: 0.5%

1st DEBT SERVICE DUE: March 1, 2016 1st PRINCIPAL DUE: March 1, 2016

1st DEBT SERVICE AMOUNT: \$15,836.60 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: Kauffelt & Kauffelt  
Contact Person: Samme L. Gee, Esquire Contact Person: Mark E. Kauffelt, Esq.  
Phone: (304) 340-1318 Phone: (304) 345-1272

CLOSING BANK: Chapmanville Bank of Logan ESCROW TRUSTEE: \_\_\_\_\_  
Bank & Trust  
Contact Person: Vickie Mounts Contact Person: \_\_\_\_\_  
Phone: (304) 855-7000 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT: OTHER: WVBPH  
Contact Person: Lana Pritchard Contact Person: Bob DeCrease  
Position: Office Manager Function: Program Manager  
Phone: (304) 855-3227 Phone: (304) 356-4301  
E-Mail: cvillewater@suddenlinkmail.com

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_ Accrued Interest: \$ \_\_\_\_\_  
\_\_\_\_\_ Capitalized Interest: \$ \_\_\_\_\_  
By \_\_\_\_\_ Wire \_\_\_\_\_ Reserve Account: \$ \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_ Other: \_\_\_\_\_ \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE:  
By \_\_\_\_\_ Wire \_\_\_\_\_ To Escrow Trustee: \$ \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_ To Issuer: \$ \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_ To Cons.Invest.Fund \$ \_\_\_\_\_  
\_\_\_\_\_ To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: Subject to 0.5% administrative fee.

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
Documents Required: \_\_\_\_\_  
Transfers Required: \_\_\_\_\_

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

50 CAPITOL STREET, ROOM 312

CHARLESTON, WEST VIRGINIA 25301-7113

TELEPHONE 304-558-2081

### PERMIT

(Water)

PROJECT: Water System Improvements Phase I

PERMIT NO.: 19-277

LOCATION: Chapmanville

COUNTY: Logan

DATE: 7-8-2013

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Town of Chapmanville  
P. O. Box 426  
Chapmanville, West Virginia 25508**

is hereby granted approval to: install approximately 5,960 LF of 10", 80 LF of 8", 3,480 of 6" and 340 LF of 2" water line; demolish two (2) existing 100,000 gallon water storage tanks and replace with one (1) 218,000 gallon tank; repair and paint the existing 300,000 gallon water storage tank; new telemetry equipment and all necessary valves and appurtenances.

Facilities are to replace/upgrade the existing Town of Chapmanville Water System Phase I.

**NOTE: This permit is contingent upon: 1) All new water line and the water storage tanks being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the new water storage tank in a minimum six (6) feet high fence with locking gates.**

The Environmental Engineering Division of the St. Albans District Office, (304) 722-0611, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR:



William S. Herold, Jr., P.E.  
Assistant Director  
Environmental Engineering Division

WSH:ch

pc: E. L. Robinson Engineering Co.  
Ingrid Ferrell, PSC  
Amy Swann, PSC  
Logan County Health Department  
OEHS-EED St. Albans District Office



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/9/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Bray & Oakley Insurance Agency 213 Main Street PO Box 386 Logan WV 25601	CONTACT NAME: Carrol Craft	
	PHONE (A/G. No. Ext): (304) 752-6850	FAX (A/G. No.): (304) 752-5380
INSURED Town of Chapmanville Box 426 Chapmanville WV 25508	E-MAIL ADDRESS: cc@brayandoakley.com	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: National Union Fire Co.	NAIC #: 19445
	INSURER B: BrickStreet Insurance	12372
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES CERTIFICATE NUMBER: CL1312905125 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY	X		L900000533	7/1/2013	7/1/2014	EACH OCCURRENCE \$ 1,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000	
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 0	
	<input checked="" type="checkbox"/> Wrongful Act						PERSONAL & ADV INJURY \$ Incuded	
	<input checked="" type="checkbox"/> Professional Liability						GENERAL AGGREGATE \$ N/A	
GEN'L AGGREGATE LIMIT APPLIES PER:							PRODUCTS - COMP/OP AGG \$ N/A	
<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC							\$	
A	AUTOMOBILE LIABILITY	X		L900000533	7/1/2013	7/1/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000	
	<input type="checkbox"/> ANY AUTO ALL OWNED AUTOS						<input checked="" type="checkbox"/> SCHEDULED AUTOS	BODILY INJURY (Per person) \$
	<input checked="" type="checkbox"/> HIRED AUTOS						<input checked="" type="checkbox"/> NON-OWNED AUTOS	BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$	
							Uninsured motorist combined \$ 1,000,000	
UMBRELLA LIAB OCCUR							EACH OCCURRENCE \$	
EXCESS LIAB CLAIMS-MADE							AGGREGATE \$	
DED RETENTION \$							\$	
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	Y/N	N/A	WCB1007310	7/1/2013	7/1/2014	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						E.L. EACH ACCIDENT \$ 100,000	
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 100,000	
							E.L. DISEASE - POLICY LIMIT \$ 500,000	
A	Auto Physical Damage	X		L900000533	7/1/2013	7/1/2014	Other than Collision deductible 1,000	
							Collision deductible \$1,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
Subject to the provisions, conditions, and exclusions of the policies listed above. It is agreed that the certificate holder is an additional insured with respects to: New water project

CERTIFICATE HOLDER West Virginia Water Development Authority 180 Association Drive Charleston, WV 25311	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Carrol Craft/CARROL <i>Carrol Craft</i>

**CLOSING MEMORANDUM**

3.15

**To:** Sheila Miller  
Bob DeCrease  
Lana Pritchard

**From:** Samme Gee

**Date:** May 22, 2014

**Re:** Town of Chapmanville Combined Waterworks and Sewerage System  
Revenue Bonds, Series 2014 A (West Virginia DWTRF Program)  
(IJDC Project # 2012W-1312)

---

1. **DISBURSEMENTS TO TOWN**

Payor: West Virginia Bureau for Public Health  
Source: Series 2014 A Bonds Proceeds  
Amount: \$37,625.00  
Date: May 22, 2014  
Form: Wire  
Payee: Town of Chapmanville  
Bank: Chapmanville Bank of Logan Bank & Trust  
46 Tracy Vickers Avenue  
Chapmanville, WV 25508-0068  
Contact: Vickie Mounts (304) 855-7000  
ABA #: 051501024  
Account #: 0059331  
Acct. Name: Town of Chapmanville Utility Board Water System  
Improvement Project 12SCBG0001

Resolution #1

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF  
CHAPMANVILLE APPROVING INVOICES RELATING TO THE  
ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS  
AND EXTENSIONS TO THE WATERWORKS PORTION OF THE EXISTING  
PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE  
TOWN AND AUTHORIZING PAYMENT THEREOF

WHEREAS, the Town of Chapmanville (the "Town") has reviewed the invoices attached hereto and incorporated herein by reference relating to the acquisition and construction of certain extensions and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Town (the "Project") to be financed in part by the proceeds of the Town's Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), and by other sources, and finds as follows:

- (A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (C) That each of such costs has been otherwise properly incurred; and
- (D) That payment for each of the items proposed is now due and owing.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CHAPMANVILLE AS FOLLOWS:

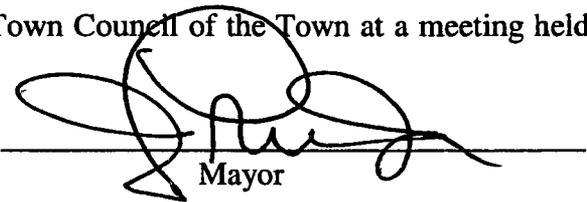
There is hereby authorized and directed the payment of the attached invoices as summarized as follows:

<u>Vendor</u>	<u>Amount</u>
Jackson Kelly PLLC (Bond Counsel)	\$ 20,000.00
United Bank, Inc. (Registrar)	\$ 500.00
Advance for Contract 1 (Construction)	<u>\$ 17,125.00</u>
Total	\$ 37,625.00

[The remainder of this page intentionally left blank; signature page follows.]

Resolution #1

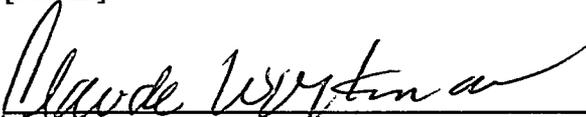
Adopted and ratified by the Town Council of the Town at a meeting held on the 12th day of May, 2014.



\_\_\_\_\_

Mayor

[SEAL]



\_\_\_\_\_

Recorder



500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130  
www.jacksonkelly.com

**INVOICE**

EMPLOYER I.D. NO. 550394215

May 12, 2014

3791/304

Town of Chapmanville  
P.O. Box 426  
Chapmanville, WV 25508  
Attn: Lana Pritchard

Re: Town of Chapmanville  
Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A  
(West Virginia DWTRF Program)

For legal fees and expenses rendered serving as bond counsel for  
the above-referenced transaction.

FEES & EXPENSES: \$20,000.00

TOTAL STATEMENT: \$20,000.00

Wiring Instructions:

Jackson Kelly PLLC  
1600 Laidley Tower  
500 Lee Street  
PO Box 553  
Charleston, WV 25301

Bank Name Branch Banking & Trust  
ABA Number 051503394  
Account Number 5172879588  
Reference Information: 3791/304



I N V O I C E

Date: May 22, 2014

To: Town of Chapmanville  
P. O. Box 426  
Chapmanville, WV 25508  
Attn: Chair

Re: Town of Chapmanville  
Combined Waterworks and Sewerage System  
Revenue Bonds  
Series 2014 A  
(West Virginia DWTFR Program)

Amount Due: \$ 500.00

Acceptance Fee \$ 500.00

Please remit to United Bank  
Corporate Trust Department  
P. O. Box 393  
Charleston, WV

## **SWEEP RESOLUTION**

**WHEREAS**, the Town of Chapmanville (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 or will make monthly debt service payments on and transfers reserve funds for 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;

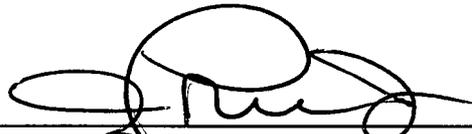
**WHEREAS**, pursuant to Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the “MBC Fee”);

**WHEREAS**, the Issuer finds 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 funds 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, along with the MBC Fee, shall be made to the MBC by an 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) The Mayor and Recorder/Treasurer 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 12nd day of May, 2014.

  
\_\_\_\_\_  
(Authorized Officer)

**EXHIBIT A**

List each bond issue and the Bank account number from which the electronic transfer will be made.

<u>Bond Issue</u>	<u>Bank Account Information – Last 4 Digits</u>	<u>Monthly Amount</u>
Series 2014 A Bonds	<u>0078</u>	<u>\$5,279.16</u>
<hr/>	<hr/>	<hr/>

**Required:**  
Email for main contact: [cvillewater@suddenlinkmail.com](mailto:cvillewater@suddenlinkmail.com)

May 22, 2014

Town of Chapmanville  
P.O. Box 426  
Chapmanville, WV 25508

West Virginia Bureau of Public Health  
350 Capitol Street, Room 313  
Charleston, WV 25301

West Virginia Water Development Authority  
1009 Bullitt Street  
Charleston, WV 25301

Re: Town of Chapmanville Combined Waterworks and Sewerage System  
Revenue Bonds, Series 2014 A (West Virginia DWTRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Chapmanville (“the Issuer”), a municipal corporation, in connection with the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2014 A (West Virginia DWTRF Program), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds dated May 22, 2014, including all schedules and exhibits attached thereto (the “Loan Agreement”), by and between the Issuer and the West Virginia Water Development Authority (the “Authority”) on behalf of the West Virginia Bureau of Public Health (the “BPH”), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$1,505,000, in the form of one bond, registered as to principal and interest to the Authority, will bear interest at the rate of 0.5% per annum, and with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2016, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the Administrative Fee equal to 0.5% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively,

the “Act”), for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public combined waterworks and sewerage system of the Issuer (the “Project); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly enacted by the Issuer on April 15, 2014, effective May 12, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 12, 2014 (collectively, the “Ordinance”), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Loan Agreement when used herein.

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

1. The Issuer is a duly 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 enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of

Town of Chapmanville  
West Virginia Bureau of Public Health  
West Virginia Water Development Authority  
May 22, 2014  
Page 3

and security for payment with the Issuer's Series 1999 A Bonds, Series 2013 A Bonds, and senior and prior to the Issuer's Series 1986 B Bonds, all in accordance with the terms of the Bonds and the Ordinance.

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

No opinion is given herein as to the effect upon enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity 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,

A handwritten signature in black ink, appearing to read "Jack Kelly". The signature is written in a cursive style with a large, stylized initial "J".

H. Wyatt Hanna III  
Attorney at Law

---

H. Wyatt Hanna, III

WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303  
(304) 744-3150 • Fax (304) 744-3157

May 22, 2014

Town of Chapmanville  
P.O. Box 426  
Chapmanville, WV 25508

West Virginia Bureau of Public Health  
350 Capitol Street, Room 313  
Charleston, WV 25301

West Virginia Water Development Authority  
1009 Bullitt Street  
Charleston, WV 25301

Jackson Kelly PLLC  
P. O. Box 553  
Charleston, WV 25322

Re: Town of Chapmanville Combined Waterworks and Sewerage System  
Revenue Bonds, Series 2014 A (West Virginia DWTRF Program)

Ladies and Gentlemen:

I am Special Counsel to the Town of Chapmanville in Logan County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement for the Bonds, dated May 22, 2014, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Bureau of Public Health (the "BPH"), a Bond Ordinance duly enacted by the Issuer on April 15, 2014, effective May 12, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 12, 2014, (collectively, the "Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Ordinance of the Issuer when used herein.

I am of the opinion that:

1. 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 as defined in the Ordinance, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law.

2. The Loan Agreement have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the BPH and the Authority, constitutes valid and binding agreements of the Issuer, enforceable in accordance with the terms.

3. The Mayor, Recorder and members of the Council and the Water Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Ordinance, 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 or default under any ordinance, resolution, order, agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the BPH, the West Virginia Infrastructure and Jobs Development Council 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.

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

Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance 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.

9. The contracts contain language requiring the contractors to provide affidavits from all contractors and subcontractors indicating that each contractor and subcontractor have a drug free workplace policy pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended. The contractor has submitted a plan to implement the drug free workplace policy prior to the awarding of the contract pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

10. 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, and the operation of the System. The Issuer has received a Recommended Decision of an Administrative Law Judge dated November 6, 2013, as made final by the PSC in Case No. 13-1142-W-CN on November 26, 2013, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Order has expired prior to the date hereof.

The Issuer duly enacted a water rate ordinance on July 8, 2013, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of State law and the PSC to make the rates valid and effective. The time for appeal of such rate ordinance expired and there was no appeal thereof. The rates are therefore unappealable and are in full force and effect.

Town of Chapmanville  
West Virginia Bureau of Public Health  
West Virginia Water Development Authority  
Jackson Kelly PLLC  
May 22, 2014  
Page 4

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

Very truly yours,

A handwritten signature in black ink, appearing to read "H. Wyatt Hanna, III". The signature is written in a cursive style with a large, sweeping flourish at the end.

H. WYATT HANNA, III, ESQ.

H. Wyatt Hanna III  
Attorney at Law

H. Wyatt Hanna, III

WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303  
(304) 744-3150 • Fax (304) 744-3157

January 17, 2014

Robert DeCrease, FE  
Manager  
Infrastructure & Capacity Development  
Environmental Engineering Division  
WV Bureau for Public Health  
350 Capitol Street, Room 313  
Charleston, WV 25301-3713

RE: Chapmanville Municipal Water Works  
IJDC Project No. 2012W-1312  
DWTRF Project No. 12DWTRFB012

**FINAL REAL PROPERTY TITLE OPINION**

Dear Mr. DeCrease:

I represent Chapmanville Water and Sewer Department and the Town of Chapmanville (collectively, "Chapmanville"), Logan County, West Virginia, with regard to the above referenced project. This Final Real Property Title Opinion is being provided to satisfy certain requirements of the West Virginia Infrastructure and Jobs Development Council with regard to the Chapmanville's Water Extension Project. As such, please be advised of the following:

1. 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 for the project as described in Plans and Specifications prepared by E.L. Robinson Engineering Company.

2. That I have examined the necessary records on file in the Office of the Clerk of the County Commission of Logan County, West Virginia, the county in which this project is to be located, and, in my opinion, Chapmanville has legal title or such other estate or interest in the necessary site components for the above referenced project, including easements and/or rights-of-way, sufficient to assure undisturbed use and possession for the purpose of construction, operation, and maintenance for the estimated life of the facilities to be constructed.

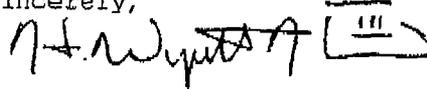
3. That based upon information provided to me by E.L. Robinson Engineering company, I am of the opinion that Chapmanville has obtained 100% of the necessary easements, rights of way and real property sites for this project. All deeds or other documents which have been acquired by the District have been recorded in the Office of the Clerk of the County Commission of Logan County, West Virginia, in order to protect the title and interest of Chapmanville.

4. That I have been advised by E.L. Robinson Engineering Company, the consulting engineer for Chapmanville, that all of the necessary permits as may be required by governing authorities have been or will be acquired without delay to the construction of this project.

Final Title Opinion  
Page 2  
January 17, 2014

If you should have any questions regarding this matter or any of the information contained in this letter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Wyatt Hanna, III". The signature is written in a cursive style with a box around the name "Hanna" and the Roman numeral "III".

H. Wyatt Hanna, III

HWHIII/rb

cc: Chapmanville Water & Sewer Dept.  
Rick Roberts, PE  
Kathy Elliott  
Paul E. Daniels, PE