

TOWN OF CHAPMANVILLE, WEST VIRGINIA

\$200,260 Subordinate Waterworks and  
Sewerage System Revenue Bonds,  
Series 1986

\$99,740 Supplemental Subordinate  
Waterworks and Sewerage System  
Revenue Bonds, Series 1986

DATE OF CLOSING: March 25, 1986

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\$200,260 Subordinate Waterworks and Sewerage  
System Revenue Bonds, Series 1986

\$99,740 Supplemental Subordinate Waterworks  
and Sewerage System Revenue Bonds, Series 1986

Closing: March 25, 1986

BOND TRANSCRIPT/TABLE OF CONTENTS

I. Organizational Documents

	<u>INDEX</u>
1.1 Copy of the Charter of the Town of Chapmanville, West Virginia (the "Town").	1
1.2 Rules of Order and Procedure, adopted by the Council of the Town (the "Council").	2
1.3 Oaths of Office of Mayor, Recorder and Council Members.	3
1.4 Community Block Grant Commitment/Contract.	4
1.5 (a) West Virginia Water Development Authority (the "WDA") Loan Agreement, dated February 20, 1986.	5
(b) WDA Supplemental Loan Agreement, dated February 20, 1986.	

II. Authorizing Documents

2.1 Minutes of Council meeting regarding First Reading of Rate Ordinance with Recorder's Certificate.	6
2.2 Minutes of Special Council meeting regarding Second Reading of Rate Ordinance and Minutes of Special Council meeting regarding public hearing on Rate Ordinance with Recorder's Certificate.	7
2.3 Rate Ordinance with Recorder's Certificate.	8
2.4 Affidavit of Publication regarding Notice of Rate Ordinance.	9

INDEX

2.5	Minutes of Special Council meeting held March 1, 1986, regarding First Reading of Bond Ordinance with Recorder's Certificate.	10
2.6	Minutes of Special Council meeting held March 10, 1986 regarding Second Reading of Bond Ordinance and adoption of the resolution authorizing publication of the abstract of Bond Ordinance with Recorder's Certificate.	11
2.7	Bond Ordinance enacted by the Council of the Town on March 10, 1986 with Recorder's Certificate.	12
2.8	Copy of the resolution adopted by the Council on March 10, 1986, authorizing publication of an abstract and notice of Bond Ordinance with Recorder's Certificate.	13
2.9	Copy of the Affidavit of Publication of the Notice of Passage of and Public Hearing on the Bond Ordinance in The Logan Banner on March 11 and March 18, 1986.	14
2.10	Minutes of Special Council meeting held March 24, 1986 regarding (a) Public Hearing on Bond Ordinance, (b) effective date of Bond Ordinance, and (c) adoption of Supplemental Resolution with Recorder's Certificate.	15
2.11	Copy of the resolution adopted by the Council on March 24, 1986, regarding the public hearing and the effective date of Bond Ordinance with Recorder's Certificate.	16
2.12	Copy of the Supplemental Resolution adopted by the Council on March 24, 1986, authorizing sale of the Bonds with Recorder's Certificate.	17
2.13	Certified copy of the Public Service Commission Order granting the Town a Certificate of Convenience and Necessity dated February 21, 1986.	18

III. Certificates and Receipts

3.1	General Certificate, dated March 25, 1986, signed by the Mayor, Recorder and Town Attorney.	19
3.2	Certificate of Recorder as to Truth and Accuracy of Documents Delivered.	20

INDEX

3.3	Certificate as to Non-Arbitrage.	21
3.4	Certificate of Consulting Engineers.	22
3.5	Acceptance of Duties of Registrar and Paying Agent with Registrar's Agreement.	23
3.6	Request and Authorization as to Authentication and Delivery of the Bonds.	24
3.7	Certificate of Registration of Bonds.	25
3.8	Cross-Receipt for Bonds and Bond Proceeds.	26
3.9	Specimen Subordinate Bond.	27
3.10	Specimen Supplemental Bond.	28

IV. Opinions

4.1	Opinion regarding Subordinate Bonds of Jackson, Kelly, Holt & O'Farrell, Bond Counsel, dated March 25, 1986.	29
4.2	Opinion regarding Supplemental Bonds of Jackson, Kelly, Holt & O'Farrell, Bond Counsel, dated March 25, 1986.	30
4.3	Opinion as to Arbitrage, dated March 25, 1986.	31
4.4	Opinion of Bernard Spalding, Counsel to Town, dated March 25, 1986.	32

The closing of the purchase of \$200,260 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and \$99,740 in aggregate principal amount of Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, both dated as of March 25, 1986, of the Town of Chapmanville, West Virginia, to the West Virginia Water Development Authority will take place at the offices of the West Virginia Water Development Authority, Dunbar, West Virginia, at 10:00 a.m. on Tuesday, March 25, 1986. All transactions at such closing will be deemed to have taken place simultaneously on March 25, 1986, and no document shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered.



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,

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 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 119° 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 certificate 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 2° 55' E 80 feet to a stake on the left (West) bank of Peter Fry Branch; thence up Peter Fry Branch N 48° E 435 feet to a stake; thence S 50° 30' E 2200 feet to a stake; thence S 11° 20' W 715 feet across the County road to a stake; thence S 48° 45' W 725 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 E 71° 45' W 855 feet to a stake; thence S 23° 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 18° 45' W 790 feet to a stake on the east bank of said river; thence N 25° 30' E 2880 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 8° 45' W 1180 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 238.8 acres, more or less.

An accurate survey and map of the proposed corporation limits, showing the courses 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 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

INCORPORATION

of the streets under the path of the said road, as shown on the plan of the same filed by the applicant, showing that a majority of all the qualified voters of the territory proposed to be incorporated, 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 435 feet to a stake; thence S 30° 40' E 2,000 feet to a stake; thence N 11° 20' W 715 feet across the county road to a stake; thence N 46° 46' W 725 feet across the Kanawha Branch of the Guyandotte River to a stake; thence S 0° 30' W 1,600 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 525 feet to a stake; thence S 73° W 580 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 1,840 feet across the said river to the Crawley Creek road; thence N 20° W 100 feet across said river and along the South side of the said Crawley Creek road to a stake; thence N 67° 45' W 1,160 feet across the said Crawley Creek road to a stake on the South bank at the bend of said river; thence E 60° 30' E 750 feet to a stake on the South bank at the bend of said river; thence N 70° 30' E 805 feet across said river to the place of beginning, comprising an area of 239.6 acres, more or less.

have voted in due form of law, in favor of the incorporation of the Town of Chapmansville, 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 duly incorporated town, duly authorized within the corporate limits aforesaid, or as otherwise provided, to exercise all the corporate powers conferred by the said Code from and after the date of this certificate.

Given under my hand this \_\_\_\_\_ day of July, 1947.

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

By \_\_\_\_\_

*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 A. Dinges*

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

By Tilda Wells 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 calender 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 footpath, 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

CHAPMANVILLE, WEST VIRGINIA 25508

## MAYOR AND COUNCILMEN'S OATH OF OFFICE

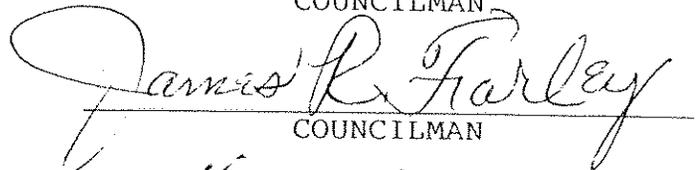
We, Jerome Dingess, Mayor; David Chapman, Councilman; James Farley, Jr., Councilman; Ronald Ferrell, Councilman; and Ona T. Mullins, Councilman; having been duly elected to the offices named above for the Town of Chapmanville, commencing July 1, 1983, do hereby severally and solemnly swear and affirm:

That we will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and will faithfully discharge the duties of our said office to the best of our skill and judgment. So help us God.

In witness thereof, we have hereunto set our hands this the 24th day of March, 1986, affirming the Oaths of Office duly taken at a Council Meeting of the Town of Chapmanville, on Thursday, June 23, 1983, as noted in the minutes of the Council Meeting attached hereto.

  
MAYOR

  
COUNCILMAN

  
COUNCILMAN

  
COUNCILMAN

\_\_\_\_\_  
COUNCILMAN

REGULAR COUNCIL MEETING HELD ON THURSDAY, JUNE 23, 1983,  
AT 7:00 P.M., AT THE MUNICIPAL BUILDING

Present were Mayor Jerome Dingess, Recorder Rick Bunch, Council members Julia Workman, Kenneth Neri and Ronald Ferrell.

Motion made to accept minutes of previous meeting by Kenneth Neri and seconded by Ronald Ferrell. Motion carried.

Council agreed to let Buddy Williamson cut the city street to install drain pipes to carry water off his property; with the following provisions that either Nationwide or Longhorn Construction will post bond and pay for the cost of the pipe. Motion made by Ronald Ferrell and Seconded by Kenneth Neri. Motion carried. The Mayor agreed to contact Nationwide and Longhorn Construction to try to get a response.

Council agreed to contact Sam Pridemore and ask him to water his access road while in the process of construction.

Council approved the second reading of an ordinance setting business license fees at the maximum allowed by State Law. Motion made by Ronald Ferrell and seconded by Kenneth Neri. Motion carried.

Council gave approval to the first reading of an ordinance (Chapter 13, Article 2, Section 7) to provide injunctive relief and remedies for exclusive garbage pick-up. Motion made by Kenneth Neri and seconded by Julia Workman. Motion carried.

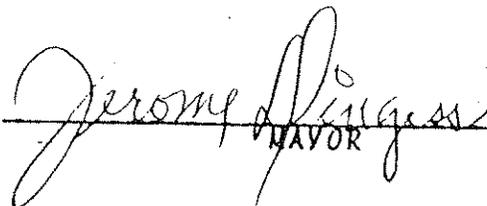
Council approved re-appointment of Drexel Meade to the Water Board to fill a vacancy on the board. Julia Workman made motion, seconded by Ronald Ferrell. Motion carried.

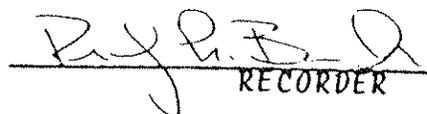
Council gave approval to allow the filling of an area behind Irene Lambert by Jim Hensley.

The newly elected Mayor, Recorder and council members were sworn in, Jerome Dingess, Mayor - Rick Bunch, Recorder - Julia Workman, James "Shorty" Farley, David Chapman and Ronald Ferrell, Council members.

Legal publication for bid on car, new 1982 or 1983 midsize four door sedan.

Motion made to adjourn by Kenneth Neri and seconded by Ronald Ferrell. Motion carried.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
RECORDER

TOWN OF CHAPMANVILLE

CHAPMANVILLE, WEST VIRGINIA 25508

RECORDER OATH OF OFFICE

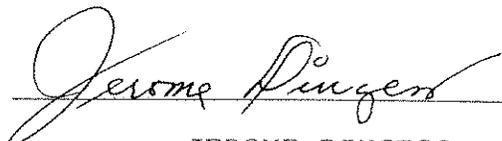
I, Claude Workman, having been duly appointed by the Town Council, to fill the vacancy as Recorder for the Town of Chapmanville, from September 1, 1984 to June 30, 1987, do hereby severally and solemnly swear and affirm: that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and will faithfully discharge the duties of my office to the best of my skill and judgment. So Help Me God.

In witness thereof, I have hereunto set my hand this 24th day of March, 1986 affirming that my Oath of Office was duly taken on September 1, 1984.

Claude Workman  
Recorder

CERTIFICATION

I, Jerome Dingess, Mayor for the Town of Chapmanville,  
West Virginia, do hereby certify that the Oaths of Office  
attached hereto were sworn before me on the 23 day  
of June, 1983.

  
\_\_\_\_\_  
JEROME DINGESS

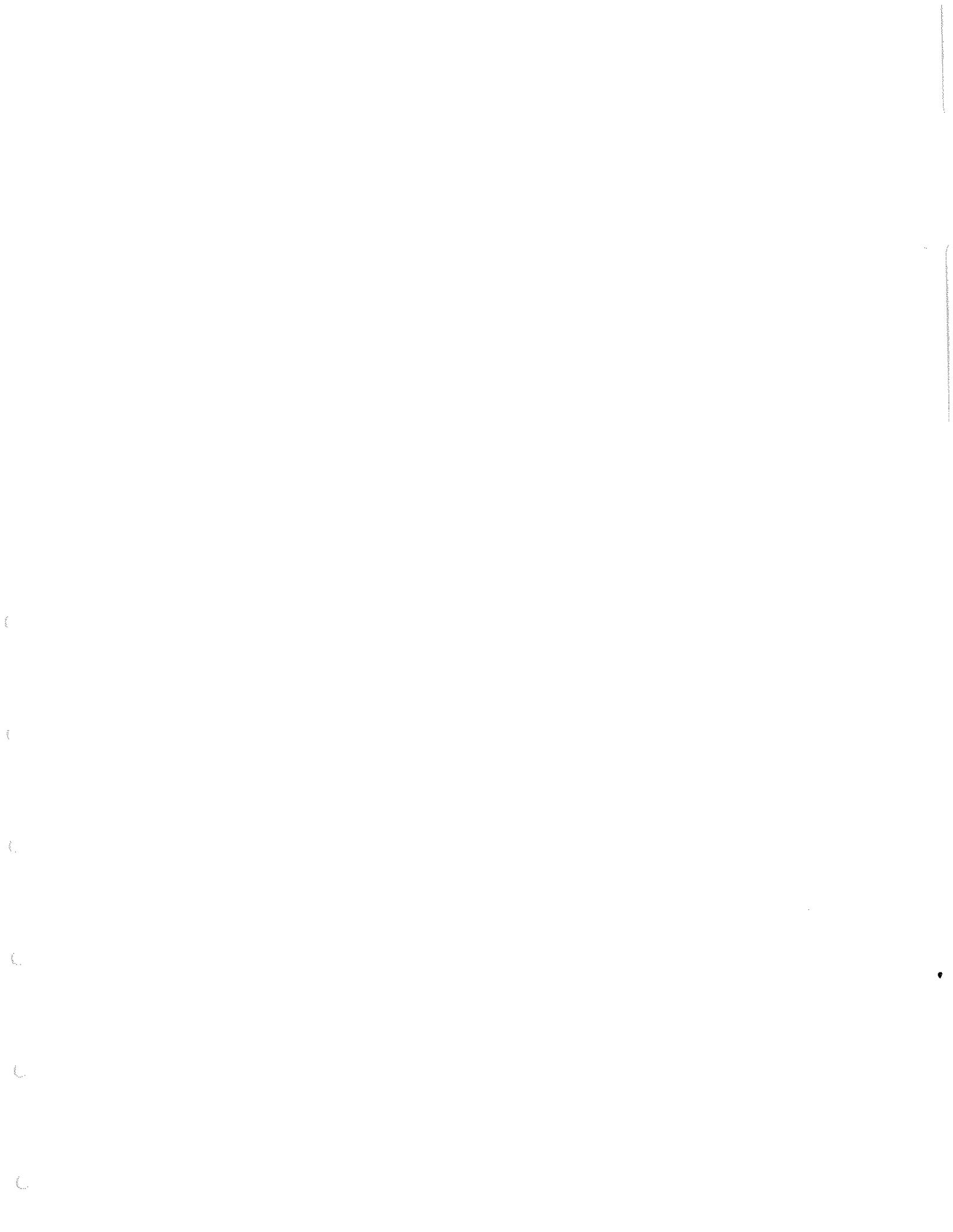
DATE: 3-25-86

CERTIFICATION

I, Claude Workman, Town Recorder for the Town of Chapmanville, do hereby certify that the attached document is a true and accurate copy of the Oaths of Office.

Claude Workman  
CLAUDE WORKMAN

DATE: March 25, 1986



SMALL CITIES BLOCK GRANT

C O N T R A C T

BETWEEN

GOVERNOR'S OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT

AND

TOWN OF CHAPMANVILLE

THIS AGREEMENT, entered into this 8<sup>th</sup> day of December by the West Virginia Department of Finance and Administration on behalf of the Governor's Office of Economic and Community Development, hereinafter called the "State" and the Town of Chapmanville and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383) as amended subject to the regulations of the Department of Housing and Urban Development, 24 CFR Part 570, Subpart I and subject to the scope of the State of West Virginia Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the State shall provide, in its method of distribution, for funding of multiyear grant commitments made by the Department of Housing and Urban Development to units of general local government in nonentitlement areas pursuant to Subpart F in federal Fiscal Years 1980 and 1981.

WHEREAS, the grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low and moderate income families or aid in the prevention or elimination

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of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Assistance to Grantee. The State shall obligate, to the Grantee, from funds allocated to the State by Grant Agreement B-83-DC-54-0001, \$650,000 to perform such tasks hereafter described in the Scope of Services.
2. Scope of Services. The Grantee, or its designated agent, in accordance with the program guidelines to be used in the administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to construct a water treatment plant, drill two water wells, and install water distribution lines; also includes engineering services, and administration of the the project.
3. Changes. The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed, which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments to this Contract.
4. Time of Performance. The Grantee will commence its duties under this Contract on November 29, 1983 and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose

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of the Contract but, in any event, all of the services required hereunder shall be completed by November 29, 1985. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. Construction Within Twelve Months. The Grantee shall have the project under construction within twelve months after execution of this agreement by both parties. The Grantee further understands that if the project is not under construction within a twelve-month period that it must resubmit its application at which time the State will reevaluate its obligation to provide funds for the project.

6. Administrative Requirements and Procedures.

(A) Personnel. The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the State.

(B) Applicable Law. The Grantee shall comply with all the restrictions, conditions, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, and with all applicable State and federal laws and regulations in administering and distributing funds provided under this agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. Implementing

regulations are found in 24 CFR Part 3.

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et. seq.), popularly known as the Fair Housing Act. In

addition, Executive Order 11063, as amended by Executive Order 12259, and as implemented by 24 CFR Part 107 are applicable.

(3) Section 109 of P.L. 93-383 including the Age Discrimination Act of 1976 (U.S.C. 6101 et. seq.) and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall apply.

(4) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In addition, the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(5) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government in which the project is located and that contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area. The Grantee shall adopt a Section 3 plan to assure good faith efforts towards compliance with the statutory directive.

(6) Title IV of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831) prohibits the use of lead based paints in residential structures.

(7) The Grantee agrees to assume all of the responsibilities for environmental review, decision making and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(f) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for NEPA (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593;

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(c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands; (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979). Before committing any funds (other than for exempt activities) the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

(8) The State and the Grantee will comply with the provisions of Department of Treasury Circular 1075 and the State's Small Cities Grants Management Handbook, as revised, in the process of requesting funds from the State's Letter of Credit.

(C) Accounting. The Grantee will establish a separate account for the proper recording of project costs in accordance with generally-accepted cost accounting principles and procedures so as to reflect all receipts and allowable expenditures in connection with the said project and the purpose thereof.

(D) Audit. The Grantee agrees to retain all accounts, documents, and records for a period of not less than three years following the project completion. The Grantee shall cause all receipts and disbursements to be audited by a licensed public accountant and such receipts, expenditures, and records shall also be subject to audit by proper State and federal agencies. Audits shall be completed in accordance with the standards established by the Comptroller General for the audit of government organizations, programs, activities, and functions.

(E) Access to Records. The Grantee shall, at any time during normal business hours, and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports,

files, and other papers, things or property, of the Grantee with respect to the matters covered by this Contract.

(F) Repayment. The Grantee shall refund to the State or federal government any expenditures determined to be made for an ineligible purpose for which federal funds were received.

(G) Competitive Bid Procedures. All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition. The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to this project which have an estimated value of over \$5,000. Any attempts by the Grantee to segregate the project into sections having an estimated value of less than \$5,000 may be cause for termination of an agreement under the provisions of Paragraph 8.

These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area twice within fourteen days next preceding the final date of submitting bids. The Grantee shall, also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, and by posting notice on a bulletin board in a public place. The Grantee shall have available, upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures.

(H) Bonding and Insurance. Except as otherwise required by law, a grant that requires the contracting or subcontracting for construction of facility improvements shall provide for the Grantee to follow its own requirements relating

to bid guarantees, performance bonds, and payment bonds unless the contract or subcontract exceeds \$100,000. If the contracts or subcontracts exceed \$100,000, the minimum bonding and insurance requirements shall be as follows:

a. A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

b. A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

c. A payment on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment as required by law of all persons supplying labor or materials in the execution of the work provided for in the contract.

(I) Facilities Operation. The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable federal, State and local statute, law, ordinance, or regulation as to actual construction procedures, as well as maintenance and operation of such facilities upon completion.

(J) Interest of Members of the State and Others. No officer, member or employee of the State, or officer, member or employee of the Grantee who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this Contract which, during his tenure, or for one year thereafter, affects his

personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly interested or has any personal or pecuniary interest. No officer, member, or employee of, the Grantee or any member of its governing body, or officer, member, or employee of the Contractor shall have any interest, direct or indirect, in this Contract or the proceeds thereof.

7. Method of Payment. In order to receive any and all payments under the terms of this agreement, the Grantee shall submit a Letter of Transmittal containing a progress report, and a Request for Payment-Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility, and if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures from the State's Letter of Credit with the Department of Housing and Urban Development.

8. Termination of Contract for Cause. If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner his obligations under this Contract, or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee of such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withhold any payments to the Grantee for the purpose of set-off until such time as the exact amount of damages due the State from the Grantee is determined.

9. Termination for Convenience of the State. The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

10. Termination by the Grantee. The Grantee may unilaterally rescind this agreement at any time prior to the commencement of the project. After project commencement, this agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

11. Performance Reports. A Grantee who has not requested a drawdown of funds during the preceding quarter shall submit a Quarterly Performance Report to the State on the first day of April, July, October, and January. A final Performance Report shall be submitted to the State within sixty (60) days after the close of the grant period. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the previously-referred to Program Guidelines of the State of West Virginia.

12. Closeout. Shall be completed when the State: 1) is in receipt of a Final Performance Report; and 2) the program audit is completed and any findings are resolved.

13. Resolution of Disputes. Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this agreement shall be initiated through consultation and discussion at the

State's Administrative Offices with final decision on question of policy or fact being determined by the Director of GOECD or his designated representative. Nothing in this Agreement shall be constructed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws.

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14. Notice. The parties hereto agree that notice shall be served when mailed certified U.S. Mail to the following address:

Governor's Office of Economic  
and Community Development  
Building 6, Room 553-B  
State Capitol Complex  
Charleston, West Virginia 25305

Town of Chapmanville

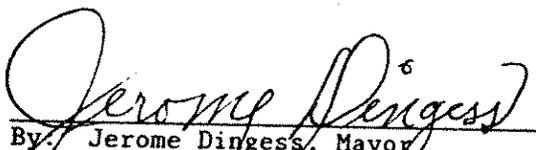
Office of the Mayor, Box 426

Chapmanville, West Virginia 25508

Grantee Mailing Address

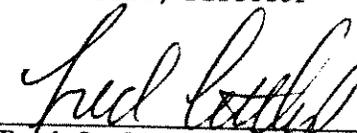
[WITNESSETH] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this agreement is down with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this agreement.

TOWN OF CHAPMANVILLE  
Grantee

  
By: Jerome Dingess, Mayor

STATE OF WEST VIRGINIA  
GOVERNOR'S OFFICE OF ECONOMIC  
AND COMMUNITY DEVELOPMENT

  
Miles Dean, Director

  
Fred Cutlip, Director  
Community Development Division

ENCLOSURE

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ENCLOSURE

STATE OF WEST VIRGINIA  
Department of Finance and  
Administration

*Arnold T. Margolin*  
Arnold T. Margolin, Commissioner

Approved as to the Provisions  
and Terms of the State of  
West Virginia  
Department of Finance and  
Administration  
Purchasing Division

*Glen R. Cummings*  
Glen R. Cummings, Director

Approved as to form the 19

day of Jan 1984

CHAUNCEY H. BROWNING, JR.

BY: *La McFullen*  
Attorney General

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WDA-5  
(November 1985)

RECEIVED

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WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

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

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

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

1.7 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

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

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

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

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

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

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

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

### ARTICLE III

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

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount

and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) 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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate, of such person or firm and in form and substance satisfactory to the Authority, to such effect and evidence satisfactory to it of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make

the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

#### ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official

action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); and

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

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

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

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on

Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as

set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount

to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedules X, Y and Z shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

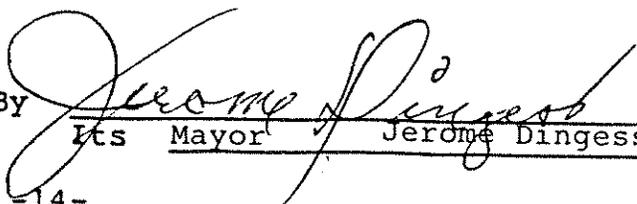
(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Loan Agreement shall not be binding on the Authority until executed by it.

TOWN OF CHAPMANVILLE

[Proper Name of Governmental Agency]

(SEAL)

By   
Its Mayor Jerome Dingess

Attest:

Date: December 16, 1985

✓ Claude Workman  
Its Recorder      Claude Workman

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By Eileen N. Henry  
Director

Attest:

Date: FEB 20 1986

Donna B. Gorkosky  
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to \_\_\_\_\_  
(the "Governmental Agency"), a \_\_\_\_\_  
\_\_\_\_\_.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated \_\_\_\_\_, 19\_\_ (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated \_\_\_\_\_, 19\_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$\_\_\_\_\_, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning \_\_\_\_\_ 1, 19\_\_, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

The Local Bonds are issued for the purpose of \_\_\_\_\_ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which

the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond \_\_\_\_\_ (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing \_\_\_\_\_, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary \_\_\_\_\_ in connection with the issuance and sale of the Local Bonds.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

[6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Local Bonds, as provided in the Local Act.]

7. 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 exempt from federal income taxation.

No opinion is given herein as to the enforceability of remedies with respect to the Local Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

We have examined executed 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,

WDA-5X  
(August 1985)

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>200,260</u>
Purchase Price of Local Bonds	\$ <u>200,260</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9.75% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

none

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

Town of Chapmanville Combined Waterworks and Sewerage System Revenue Bonds,  
Series A and B, dated October 1, 1971

EXHIBIT I

TABLE I

TOWN OF CHAPMANVILLE  
Analysis of 7.00% Borrowing Cost for Local Issuer

-----1985 Series A Bonds-----

Coupon	Principal	Interest	Debt Service	Zero Coupon Bonds	Total
9.75%	484.00	10,142.32	10,626.32	2,493.50	13,119.82
9.75%	531.00	19,478.16	20,009.16	2,493.50	22,502.66
9.75%	583.00	19,426.39	20,009.39	2,493.50	22,502.89
9.75%	640.00	19,369.55	20,009.55	2,493.50	22,503.05
9.75%	703.00	19,307.15	20,010.15	2,493.50	22,503.65
9.75%	771.00	19,238.60	20,009.60	2,493.50	22,503.10
9.75%	846.00	19,163.43	20,009.43	2,493.50	22,502.93
9.75%	929.00	19,080.95	20,009.95	2,493.50	22,503.45
9.75%	1,019.00	18,990.37	20,009.37	2,493.50	22,502.87
9.75%	1,119.00	18,891.02	20,010.02	2,493.50	22,503.52
9.75%	1,228.00	18,781.91	20,009.91	2,493.50	22,503.41
9.75%	1,347.00	18,662.18	20,009.18	2,493.50	22,502.68
9.75%	1,479.00	18,530.85	20,009.85	2,493.50	22,503.35
9.75%	1,623.00	18,386.65	20,009.65	2,493.50	22,503.15
9.75%	1,781.00	18,228.41	20,009.41	2,493.50	22,502.91
9.75%	1,955.00	18,054.76	20,009.76	2,493.50	22,503.26
9.75%	2,146.00	17,864.15	20,010.15	2,493.50	22,503.65
9.75%	2,355.00	17,654.91	20,009.91	2,493.50	22,503.41
9.75%	2,584.00	17,425.30	20,009.30	2,493.50	22,502.80
9.75%	2,836.00	17,173.36	20,009.36	2,493.50	22,502.86
9.75%	3,113.00	16,896.85	20,009.85	2,493.50	22,503.35
9.75%	3,416.00	16,593.33	20,009.33	2,493.50	22,502.83
9.75%	3,749.00	16,260.27	20,009.27	2,493.50	22,502.77
9.75%	4,115.00	15,894.74	20,009.74	2,493.50	22,503.24
9.75%	4,516.00	15,493.53	20,009.53	2,493.50	22,503.03
9.75%	4,956.00	15,053.22	20,009.22	2,493.50	22,502.72
9.75%	5,440.00	14,570.01	20,010.01	2,493.50	22,503.51
9.75%	5,970.00	14,039.61	20,009.61	2,493.50	22,503.11
9.75%	6,552.00	13,457.54	20,009.54	2,493.50	22,503.04
9.75%	7,191.00	12,818.72	20,009.72	2,493.50	22,503.22
9.75%	7,892.00	12,117.59	20,009.59	2,493.50	22,503.09
9.75%	8,662.00	11,348.12	20,010.12	2,493.50	22,503.62
9.75%	9,506.00	10,503.58	20,009.58	2,493.50	22,503.08
9.75%	10,433.00	9,576.74	20,009.74	2,493.50	22,503.24
9.75%	11,450.00	8,559.53	20,009.53	2,493.50	22,503.03
9.75%	12,567.00	7,443.15	20,010.15	2,493.50	22,503.65
9.75%	13,792.00	6,217.87	20,009.87	2,493.50	22,503.37
9.75%	15,137.00	4,873.15	20,010.15	2,493.50	22,503.65
9.75%	16,612.00	3,397.29	20,009.29	2,493.50	22,502.79
9.75%	18,232.00	1,777.62	20,009.62	2,493.50	22,503.12
	200,260.00	590,742.88	791,002.88	99,740.00	890,742.88

TABLE II  
TOWN OF CHAPMANVILLE  
Analysis of 7.00% Borrowing Cost for Local Issuer

-----1985 Series A Bonds-----

Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1986	9.75%	484.00	10,142.32	10,626.32
1987	9.75%	531.00	19,478.16	20,009.16
1988	9.75%	583.00	19,426.39	20,009.39
1989	9.75%	640.00	19,369.55	20,009.55
1990	9.75%	703.00	19,307.15	20,010.15
1991	9.75%	771.00	19,238.60	20,009.60
1992	9.75%	846.00	19,163.43	20,009.43
1993	9.75%	929.00	19,080.95	20,009.95
1994	9.75%	1,019.00	18,990.37	20,009.37
1995	9.75%	1,119.00	18,891.02	20,010.02
1996	9.75%	1,228.00	18,781.91	20,009.91
1997	9.75%	1,347.00	18,662.18	20,009.18
1998	9.75%	1,479.00	18,530.85	20,009.85
1999	9.75%	1,623.00	18,386.65	20,009.65
2000	9.75%	1,781.00	18,228.41	20,009.41
2001	9.75%	1,955.00	18,054.76	20,009.76
2002	9.75%	2,146.00	17,864.15	20,010.15
2003	9.75%	2,355.00	17,654.91	20,009.91
2004	9.75%	2,584.00	17,425.30	20,009.30
2005	9.75%	2,836.00	17,173.36	20,009.36
2006	9.75%	3,113.00	16,896.85	20,009.85
2007	9.75%	3,416.00	16,593.33	20,009.33
2008	9.75%	3,749.00	16,260.27	20,009.27
2009	9.75%	4,115.00	15,894.74	20,009.74
2010	9.75%	4,516.00	15,493.53	20,009.53
2011	9.75%	4,956.00	15,053.22	20,009.22
2012	9.75%	5,440.00	14,570.01	20,010.01
2013	9.75%	5,970.00	14,039.61	20,009.61
2014	9.75%	6,552.00	13,457.54	20,009.54
2015	9.75%	7,191.00	12,818.72	20,009.72
2016	9.75%	7,892.00	12,117.59	20,009.59
2017	9.75%	8,662.00	11,348.12	20,010.12
2018	9.75%	9,506.00	10,503.58	20,009.58
2019	9.75%	10,433.00	9,576.74	20,009.74
2020	9.75%	11,450.00	8,559.53	20,009.53
2021	9.75%	12,567.00	7,443.15	20,010.15
2022	9.75%	13,792.00	6,217.87	20,009.87
2023	9.75%	15,137.00	4,873.15	20,010.15
2024	9.75%	16,612.00	3,397.29	20,009.29
2025	9.75%	18,232.00	1,777.62	20,009.62
		200,260.00	590,742.88	791,002.88

TABLE III

TOWN OF CHAPMANVILLE  
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Zero Coupon Bonds
1986	2,493.50
1987	2,493.50
1988	2,493.50
1989	2,493.50
1990	2,493.50
1991	2,493.50
1992	2,493.50
1993	2,493.50
1994	2,493.50
1995	2,493.50
1996	2,493.50
1997	2,493.50
1998	2,493.50
1999	2,493.50
2000	2,493.50
2001	2,493.50
2002	2,493.50
2003	2,493.50
2004	2,493.50
2005	2,493.50
2006	2,493.50
2007	2,493.50
2008	2,493.50
2009	2,493.50
2010	2,493.50
2011	2,493.50
2012	2,493.50
2013	2,493.50
2014	2,493.50
2015	2,493.50
2016	2,493.50
2017	2,493.50
2018	2,493.50
2019	2,493.50
2020	2,493.50
2021	2,493.50
2022	2,493.50
2023	2,493.50
2024	2,493.50
2025	2,493.50
	99,740.00

Smith Barney, Harris Upham & Co.  
Incorporated

January 24, 1986

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) to the extent not otherwise limited by an outstanding local ordinance, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if 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 Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at 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;

(ii) 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;

(iii) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority;

(iv) to pay Operating Expenses of the System; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended.

2. "System" means the waterworks system owned by the Governmental Agency 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, and any additions, betterments or improvements thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Department of Health.

2. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

3. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

RECEIVED

DEC 18 1985

WATER DEVELOPMENT AUTHORITY

WDA-Supp. 5  
(November 1985)

SUPPLEMENTAL LOAN AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

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

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

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

1.5 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

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

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

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

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

### ARTICLE III

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

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

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other 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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate, of such person or firm and in form and substance satisfactory to the Authority, to such effect and evidence satisfactory to it of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental

Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

#### ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;  
Repayment of Supplemental Loan; No Interest on  
Supplemental Loan; Fees and Charges

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and

incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(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 the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by Local Bond proceeds with respect to the Local Bonds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, 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 the Supplemental Bonds and any such prior or parity obligations;

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds 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 Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(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 Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs), provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

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

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are

described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

#### ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency, hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section

4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render negatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, 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 Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Supplemental Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Supplemental Loan Agreement.

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

7.4 This Supplemental 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 Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental 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 Supplemental Loan Agreement.

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

7.7 By execution and delivery of this Supplemental Loan Agreement, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically

enforced or subject to a similar equitable remedy by the Authority.

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of the Supplemental Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

TOWN OF CHAPMANVILLE

[Proper Name of Governmental Agency]

(SEAL)

By

Jerome Dingess  
Its Mayor Jerome Dingess

Attest:

Date:

12-16-85

Claude Workman  
Its Recorder Claude Workman

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By

Edgar W. Henry  
Director

Attest:

Date:

FEB 20 1986

Daniel B. Zaboloski  
Secretary-Treasurer

EXHIBIT A

LOAN AGREEMENT

Date:

Principal Amount of Local Bonds:

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to \_\_\_\_\_  
(the "Governmental Agency"), a \_\_\_\_\_  
\_\_\_\_\_.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated \_\_\_\_\_, 19\_\_ (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated \_\_\_\_\_, 19\_\_ (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$\_\_\_\_\_, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, as follows:

<u>Year</u>	<u>Installment</u>
-------------	--------------------

The Supplemental Loan Agreement is supplemental to a loan agreement dated \_\_\_\_\_, \_\_\_\_\_, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of \_\_\_\_\_ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond \_\_\_\_\_ (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental 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 Supplemental 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 Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

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

3. The Governmental Agency is a duly organized and presently existing \_\_\_\_\_, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary \_\_\_\_\_ in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds [and \_\_\_\_\_].

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, by statute, exempt

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No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,

WDA-Supp. 5X  
(November 1985)

SCHEDULE X  
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>99,740</u>
Purchase Price of Supplemental Bonds	\$ <u>99,740</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, other than the Local Bonds:

Town of Chapmanville Combined Waterworks and Sewerage System Revenue Bonds,  
Series A and B, dated October 1, 1971

## EXHIBIT I

## TABLE I

TOWN OF CHAPMANVILLE  
Analysis of 7.00% Borrowing Cost for Local Issuer

RECEIVED

FEB 20 1986

WATER DEVELOPMENT AUTHORITY

-----1985 Series A Bonds-----

Period Ending 10/1	Coupon	Principal	Interest	Debt Service	Zero Coupon Bonds	Total
1986	9.75%	484.00	10,684.71	11,168.71	2,493.50	13,662.21*
1987	9.75%	531.00	19,478.16	20,009.16	2,493.50	22,502.66
1988	9.75%	583.00	19,426.39	20,009.39	2,493.50	22,502.89
1989	9.75%	640.00	19,369.55	20,009.55	2,493.50	22,503.05
1990	9.75%	703.00	19,307.15	20,010.15	2,493.50	22,503.65
1991	9.75%	771.00	19,238.60	20,009.60	2,493.50	22,503.10
1992	9.75%	846.00	19,163.43	20,009.43	2,493.50	22,502.93
1993	9.75%	929.00	19,080.95	20,009.95	2,493.50	22,503.45
1994	9.75%	1,019.00	18,990.37	20,009.37	2,493.50	22,502.87
1995	9.75%	1,119.00	18,891.02	20,010.02	2,493.50	22,503.52
1996	9.75%	1,228.00	18,781.91	20,009.91	2,493.50	22,503.41
1997	9.75%	1,347.00	18,662.18	20,009.18	2,493.50	22,502.68
1998	9.75%	1,479.00	18,530.85	20,009.85	2,493.50	22,503.35
1999	9.75%	1,623.00	18,386.65	20,009.65	2,493.50	22,503.15
2000	9.75%	1,781.00	18,228.41	20,009.41	2,493.50	22,502.91
2001	9.75%	1,955.00	18,054.76	20,009.76	2,493.50	22,503.26
2002	9.75%	2,146.00	17,864.15	20,010.15	2,493.50	22,503.65
2003	9.75%	2,355.00	17,654.91	20,009.91	2,493.50	22,503.41
2004	9.75%	2,584.00	17,425.30	20,009.30	2,493.50	22,502.80
2005	9.75%	2,836.00	17,173.36	20,009.36	2,493.50	22,502.86
2006	9.75%	3,113.00	16,896.85	20,009.85	2,493.50	22,503.35
2007	9.75%	3,416.00	16,593.33	20,009.33	2,493.50	22,502.83
2008	9.75%	3,749.00	16,260.27	20,009.27	2,493.50	22,502.77
2009	9.75%	4,115.00	15,894.74	20,009.74	2,493.50	22,503.24
2010	9.75%	4,516.00	15,493.53	20,009.53	2,493.50	22,503.03
2011	9.75%	4,956.00	15,053.22	20,009.22	2,493.50	22,502.72
2012	9.75%	5,440.00	14,570.01	20,010.01	2,493.50	22,503.51
2013	9.75%	5,970.00	14,039.61	20,009.61	2,493.50	22,503.11
2014	9.75%	6,552.00	13,457.54	20,009.54	2,493.50	22,503.04
2015	9.75%	7,191.00	12,818.72	20,009.72	2,493.50	22,503.22
2016	9.75%	7,892.00	12,117.59	20,009.59	2,493.50	22,503.09
2017	9.75%	8,662.00	11,348.12	20,010.12	2,493.50	22,503.62
2018	9.75%	9,506.00	10,503.58	20,009.58	2,493.50	22,503.08
2019	9.75%	10,433.00	9,576.74	20,009.74	2,493.50	22,503.24
2020	9.75%	11,450.00	8,559.53	20,009.53	2,493.50	22,503.03
2021	9.75%	12,567.00	7,443.15	20,010.15	2,493.50	22,503.65
2022	9.75%	13,792.00	6,217.87	20,009.87	2,493.50	22,503.37
2023	9.75%	15,137.00	4,873.15	20,010.15	2,493.50	22,503.65
2024	9.75%	16,612.00	3,397.29	20,009.29	2,493.50	22,502.79
2025	9.75%	18,232.00	1,777.62	20,009.62	2,493.50	22,503.12
		200,260.00	591,285.27	791,545.27	99,740.00	891,285.27

Smith Barney, Harris Upham & Co.  
Incorporated

January 24, 1986

\*This Debt Service Schedule was calculated on an assumed closing date of March 14, 1986. The first year's interest will be recalculated to actual closing date upon closing. Closing is now scheduled for March 24, 1986.

TABLE II  
TOWN OF CHAPMANVILLE  
Analysis of 7.00% Borrowing Cost for Local Issuer

-----1985 Series A Bonds-----				
Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1986	9.75%	484.00	10,684.71	11,168.71
1987	9.75%	531.00	19,478.16	20,009.16
1988	9.75%	583.00	19,426.39	20,009.39
1989	9.75%	640.00	19,369.55	20,009.55
1990	9.75%	703.00	19,307.15	20,010.15
1991	9.75%	771.00	19,238.60	20,009.60
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1993	9.75%	929.00	19,080.95	20,009.95
1994	9.75%	1,019.00	18,990.37	20,009.37
1995	9.75%	1,119.00	18,891.02	20,010.02
1996	9.75%	1,228.00	18,781.91	20,009.91
1997	9.75%	1,347.00	18,662.18	20,009.18
1998	9.75%	1,479.00	18,530.85	20,009.85
1999	9.75%	1,623.00	18,386.65	20,009.65
2000	9.75%	1,781.00	18,228.41	20,009.41
2001	9.75%	1,955.00	18,054.76	20,009.76
2002	9.75%	2,146.00	17,864.15	20,010.15
2003	9.75%	2,355.00	17,654.91	20,009.91
2004	9.75%	2,584.00	17,425.30	20,009.30
2005	9.75%	2,836.00	17,173.36	20,009.36
2006	9.75%	3,113.00	16,896.85	20,009.85
2007	9.75%	3,416.00	16,593.33	20,009.33
2008	9.75%	3,749.00	16,260.27	20,009.27
2009	9.75%	4,115.00	15,894.74	20,009.74
2010	9.75%	4,516.00	15,493.53	20,009.53
2011	9.75%	4,956.00	15,053.22	20,009.22
2012	9.75%	5,440.00	14,570.01	20,010.01
2013	9.75%	5,970.00	14,039.61	20,009.61
2014	9.75%	6,552.00	13,457.54	20,009.54
2015	9.75%	7,191.00	12,818.72	20,009.72
2016	9.75%	7,892.00	12,117.59	20,009.59
2017	9.75%	8,662.00	11,348.12	20,010.12
2018	9.75%	9,506.00	10,503.58	20,009.58
2019	9.75%	10,433.00	9,576.74	20,009.74
2020	9.75%	11,450.00	8,559.53	20,009.53
2021	9.75%	12,567.00	7,443.15	20,010.15
2022	9.75%	13,792.00	6,217.87	20,009.87
2023	9.75%	15,137.00	4,873.15	20,010.15
2024	9.75%	16,612.00	3,397.29	20,009.29
2025	9.75%	18,232.00	1,777.62	20,009.62
		200,260.00	591,285.27	791,545.27

Smith Barney, Harris Upham & Co.  
Incorporated

January 24, 1986

TABLE III

TOWN OF CHAPMANVILLE  
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Zero Coupon Bonds
1986	2,493.50
1987	2,493.50
1988	2,493.50
1989	2,493.50
1990	2,493.50
1991	2,493.50
1992	2,493.50
1993	2,493.50
1994	2,493.50
1995	2,493.50
1996	2,493.50
1997	2,493.50
1998	2,493.50
1999	2,493.50
2000	2,493.50
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2002	2,493.50
2003	2,493.50
2004	2,493.50
2005	2,493.50
2006	2,493.50
2007	2,493.50
2008	2,493.50
2009	2,493.50
2010	2,493.50
2011	2,493.50
2012	2,493.50
2013	2,493.50
2014	2,493.50
2015	2,493.50
2016	2,493.50
2017	2,493.50
2018	2,493.50
2019	2,493.50
2020	2,493.50
2021	2,493.50
2022	2,493.50
2023	2,493.50
2024	2,493.50
2025	2,493.50
	99,740.00

Smith Barney, Harris Upham & Co.  
Incorporated

January 24, 1986

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local ordinance, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if 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 Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at 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;

(ii) as prescribed by the Loan Agreement, 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;

(iii) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount

necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(iv) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority;

(v) as prescribed by the Loan Agreement, to pay Operating Expenses of the System; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended.

2. "System" means the waterworks system owned by the Governmental Agency 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, and any additions, betterments or improvements thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

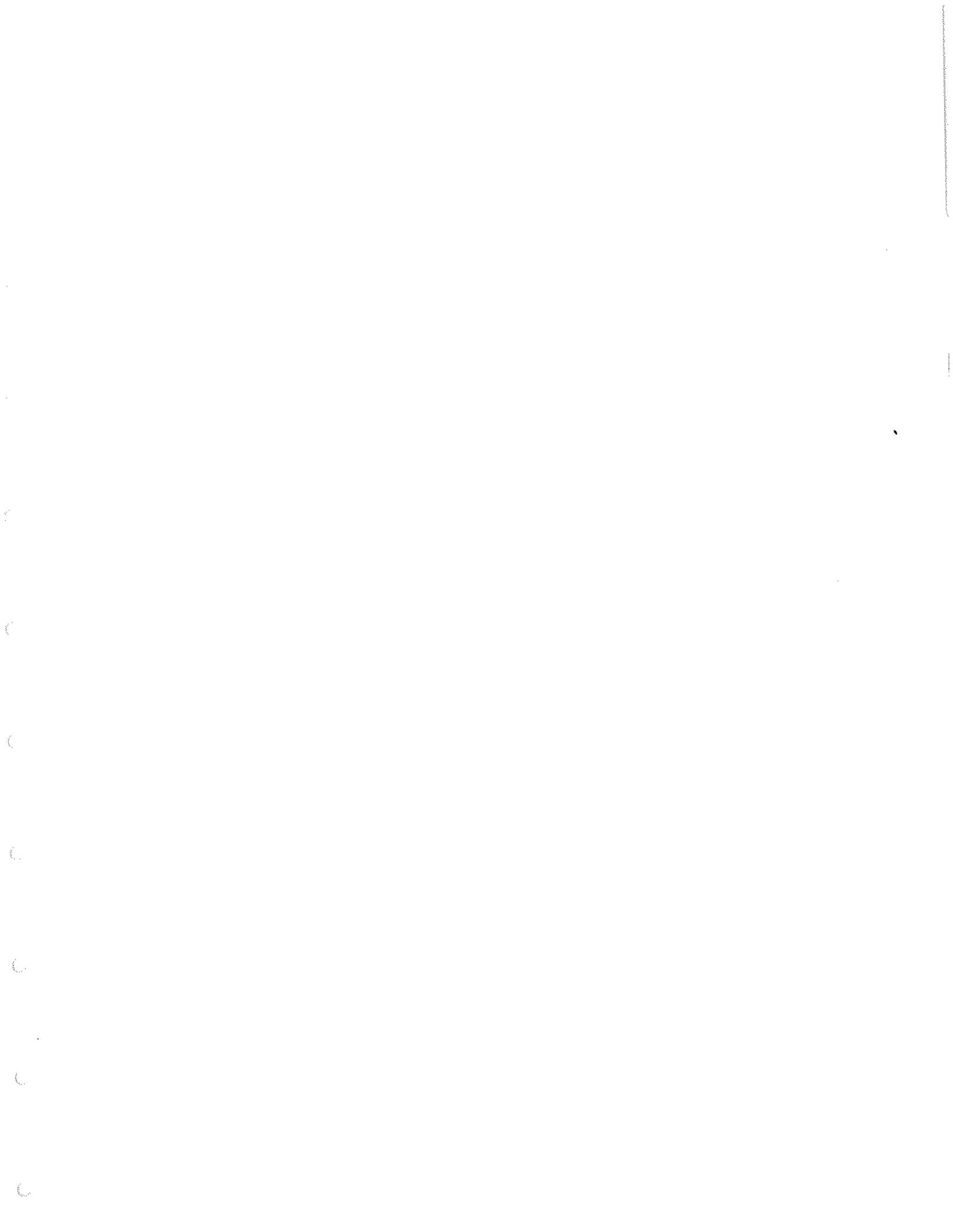
Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Department of Health.

2. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

3. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the gross revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.



REGULAR COUNCIL MEETING HELD ON THURSDAY, NOVEMBER 14, 1985,  
AT 7:00 P.M., AT THE MUNICIPAL BUILDING

Present were Mayor Jerome Dingess, Recorder Claude Workman, Council members James Farley, Ronald Ferrell, Jackie Ferrell and O. T. Mullins. Also present were Hassell Butcher and Jerry Godby.

Motion to accept the reading of minutes from meetings of October 24, 1985 and October 30, 1985 by O. T. Mullins and seconded by Ronald Ferrell. Motion carried.

Hassell Butcher appeared before council and explained an ordinance establishing and fixing rates, fees and charges and delayed payment penalty to customers of the water system of Chapmanville. Motion to accept the first reading of the ordinance made by O. T. Mullins and seconded by Jackie Ferrell. Motion carried. PSC will have to have an ordinance before rate increase can be determined or approved. A general discussion was held on water rates, etc., Some of council feels bulk sales of water rates outside of town should be raised.

Mayor talked to council about insurance (liability) for the town. He talked to Skip Morris from W. L. Robinson. Insurance will increase from \$14,900.00 to \$25,000.00 per year and from \$500.00 to \$1,000.00 deductible. Mayor had Lana to write a letter to Senators, State and Federal, also to the Insurance Commissioner. Mayor to check with other companies.

No action taken on computer or telephone. Joyce has contacted telephone company and computer dealers.

A building permit was presented for approval from Guyan Garden Florist. Motion to approve by O. T. Mullins, seconded by Ronald Ferrell. Motion carried.

Mayor discussed garbage bill for Tri State. He feels should be raised \$55.00 more per month in order to compare with Superamerica (\$90.00 per month). Motion to increase business only made by Jackie Ferrell, seconded by James Farley. Motion carried.

James Farley asked Mayor about road blocks. Mayor says he does not give the ok for same.

A discussion was held on the recorder being eligible to vote. Jackie Ferrell feels attorney should check on same, also does recorder acting as mayor have right to vote.

Jackie Ferrell discussed police department, he feels town should hire another patrolman. Mayor says he has an application he will bring to council, also says Robert Marcum is acting chief.

Jackie Ferrell talked to council about zoning committee. Has contacted nine people who has agreed to serve, those being:  
Jack Spencer, Roger Hager, James Surgoine, Bobby Stowers,  
John Goff, Johnny Workman, Larry D. Mullins, William Pete Kinser,  
Paul Christian.

Motion to accept the above on zoning committee made by O. T. Mullins, seconded by Ronald Ferrell. Motion carried.

Motion to adjourn by O.T. Mullins, seconded by Ronald Ferrell. Motion carried.

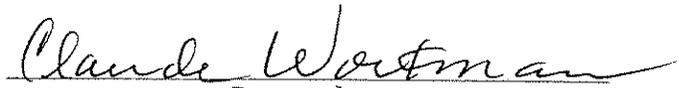
Jerome Dingess

Claude Workman  
RECORDED

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.

  
Recorder

[SEAL]



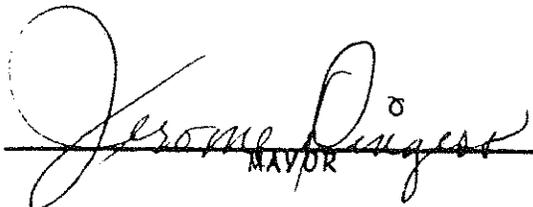
SPECIAL COUNCIL MEETING HELD ON TUESDAY, DECEMBER 3, 1985, AT  
7:00 P.M., AT THE MUNICIPAL BUILDING

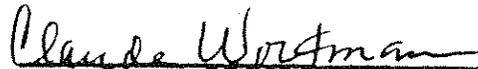
Present were Mayor Jerome Dingess, Recorder Claude Workman, Council members David Chapman, Ronald Ferrell, and Jackie Ferrell. Also present was Hassell Butcher.

Meeting called for the purpose of the final reading and adoption of an ordinance for water rate increase.

Motion to accept final reading and adopt ordinance establishing and fixing rates, fees, charges and delayed payment penalty charges for service to customers of the water system of the town of Chapmanville, made by Ronald Ferrell and seconded by David Chapman. Motion carried.

Motion to adjourn by Ronald Ferrell and seconded by Jackie Ferrell. Motion carried.

  
MAYOR

  
RECORDER

SPECIAL MEETING TO CONDUCT REGULAR COUNCIL BUSINESS AND A PUBLIC MEETING CONCERNING WATER RATE ORDINANCE ON JANUARY 2, 1986 AT 7:00 P.M. AT TOWN HALL.

PRESENT WERE JEROME DINGESS, MAYOR, CLAUDE WORKMAN, RECORDER, COUNCIL MEMBERS O.T. MULLINS, RONALD FERRELL AND DAVID CHAPMAN, ATTORNEY TOM PARKS AND WATER ADMINISTRATOR HASSLE BUTCHER.

MINUTES OF PREVIOUS MEETING HELD ON DECEMBER 12, 1985 WERE READ AND APPROVED BY RONALD FERRELL, SECONDED BY O.T. MULLINS. ALL IN FAVOR.

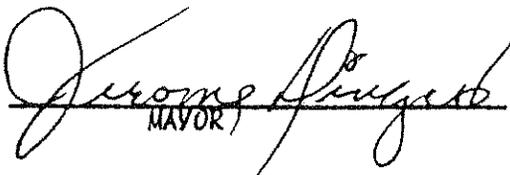
BUILDING PERMIT PRESENTED TO COUNCIL FROM WORKMAN'S IGA FOR \$250.00. MOTION TO APPROVE WAS MADE BY RONALD FERRELL, SECONDED BY O.T. MULLINS. ALL IN FAVOR.

GAYE THOMPSON AND ANOTHER INTERESTED LADY NEAR EAST CHAPMANVILLE GRADE APPEARED BEFORE COUNCIL TO ASK ABOUT WATER RATES, ETC.; WANTING TO KNOW IF THERE WOULD BE ANY INCREASES LATER AND WOULD THE WATER BE BETTER. DISCUSSION HELD ON REDUCED RATES FOR SENIOR CITIZENS. MOTION TO PROCEED WITH WATER RATE ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICES TO CUSTOMERS OF THE TOWN OF CHAPMANVILLE WATER SYSTEM, APPROVED BY O.T. MULLINS AND SECONDED BY RONALD FERRELL. ALL IN FAVOR.

MOTION TO HOLD NEXT REGULAR COUNCIL MEETING ON THE REGULAR FOURTH THURSDAY, JANUARY 23, 1986, MADE BY O.T. MULLINS, SECONDED BY RONALD FERRELL. ALL IN FAVOR.

MAYOR DISCUSSED WITH COUNCIL THE OLD TOWN HALL BUILDING, STATING THAT THE PRESENT RENTERS' ARE MOVING OUT AND SEVERAL PEOPLE ARE INTERESTED IN LEASING THE BUILDING.

MOTION TO ADJOURN BY DAVID CHAPMAN, SECONDED BY RONALD FERRELL. ALL IN FAVOR.

  
MAYOR

  
RECORDER

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.

Claude Wortman  
Recorder

[SEAL]



AN ORDINANCE ESTABLISHING AND FIXING  
RATES, FEES, CHARGES AND DELAYED  
PAYMENT PENALTY CHARGES FOR SERVICE  
TO CUSTOMERS OF THE WATER SYSTEM OF  
THE TOWN OF CHAPMANVILLE

THE CITY COUNCIL OF THE TOWN OF CHAPMANVILLE,

HEREBY ORDAINS: The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to customers of the water system of the Town of Chapmanville throughout the territory served.

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for sanitary water service.

RATES (Based upon the metered amount of water supplied)

First 2,000 gals @ \$3.80  
Next 3,000 gals @ \$2.82  
Next 20,000 gals @ \$2.24  
Next 75,000 gals @ \$1.75  
Over 100,000 gals @ \$1.37

MINIMUM MONTHLY CHARGE

No bill will be rendered for less than \$7.60 per month.

5/8" meter - \$ 7.60  
1" meter - \$ 19.50  
1 1/4" meter - \$ 30.40  
1 1/2" meter - \$ 43.80  
2" meter - \$ 77.80  
3" meter - \$ 175.10  
4" meter - \$ 311.30  
6" meter - \$ 700.40  
8" meter - \$1,245.20

## DELAYED PAYMENT PENALTY

A ten percent (10%) penalty shall be added to all charges not paid within twenty (20) days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

## SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment hereof.

## SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. all resolutions, orders of parts thereof in conflict with provision of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

## SECTION 4 PUBLIC HEARING

This Ordinance has been introduced, and any person interested may appear before Council on the 2 day of JANUARY, 1986, at 7:00, p.m. and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

6 full days intervening between each publication, in Guyandotte Voice & Logan Banner, being the only newspaper published and of general circulation in the Town of Chapmanville, being a newspaper not published within the City, but of general circulation in the City and of opposite politics, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 2 day of JANUARY, 1986, at TOWN HALL 7:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading November 14, 1985.

Passed on Second Reading December 3, 1985.

Effective as of January 2, 1986.



(SEAL)

Jerome Finney  
Mayor

ATTEST:

Claude Workman  
RECORDER

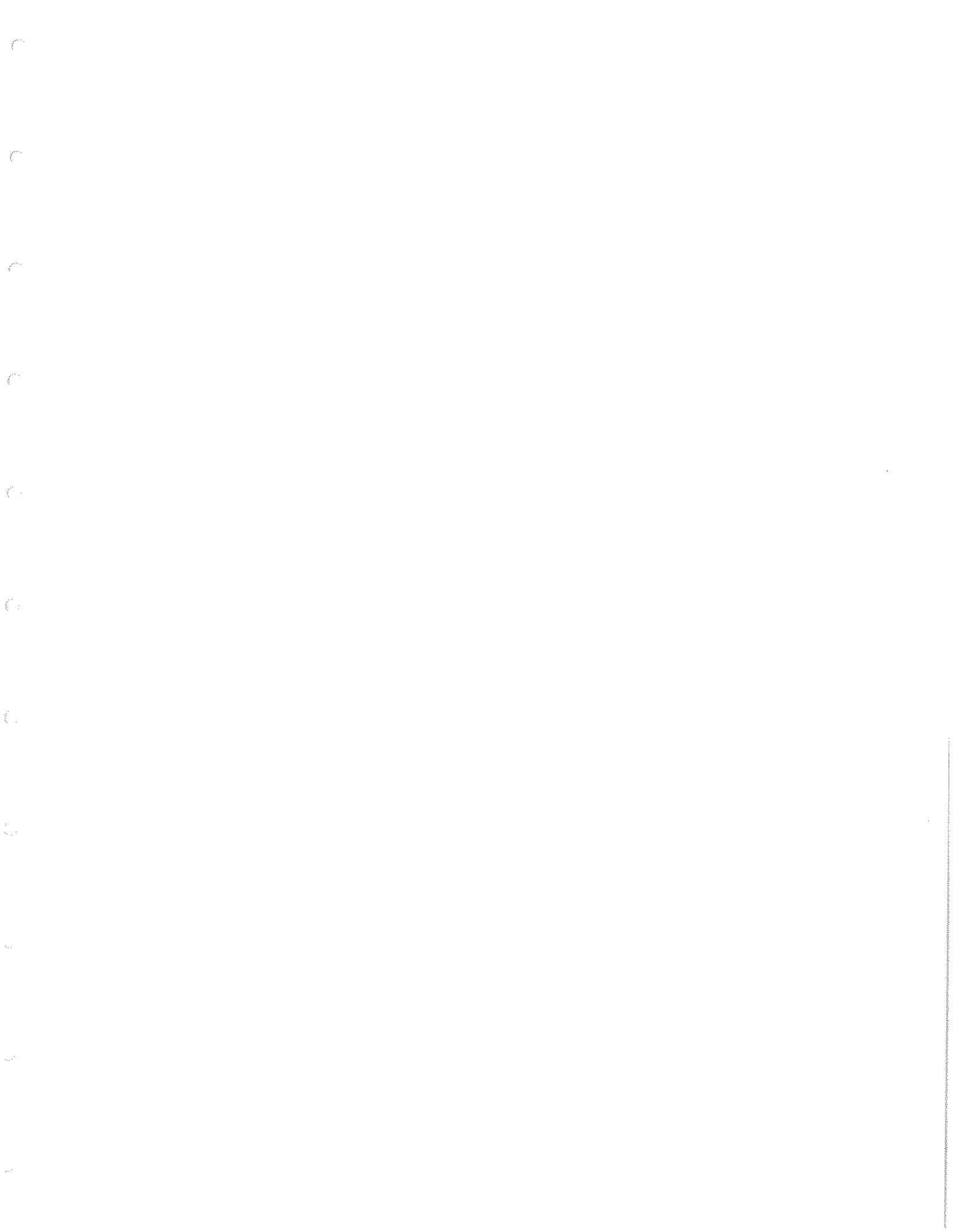
CERTIFICATE OF TRUTH AND ACCURACY

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.

  
Recorder

[SEAL]



I, Jerry Godby PUBLISHER OF THE GUYANDOTTE VOICE, A WEEKLY NEWSPAPER PUBLISHED IN LOGAN COUNTY, WEST VIRGINIA, DO HEREBY CERTIFY THAT THE ANNEXED NOTICE WAS PUBLISHED IN SAID NEWSPAPER FOR.....2.....TIMES ON THE FOLLOWING DATES:

.....Dec. 18, 1985 ; Jan. 1, 1986.....

Given under my hand this...6th...day of...Jan......, 1986..

*Jerry Godby*  
PUBLISHER

STATE OF WEST VIRGINIA )  
COUNTY OF LOGAN ) to wit:

Subscribed and sworn to before me this...6th...day of...January...19...86..  
My Commission expires...September 7, 1992.....

*Betty B. Wilson*  
NOTARY PUBLIC

<p><b>LEGAL</b></p> <p><b>AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE TOWN OF CHAPMANVILLE</b></p>	<p>Rates (Based upon the metered amount of water supplied)</p> <p>First 2,000 gals. + \$3.80 Next 3,000 gals. + \$2.82 Next 20,000 gals. + \$2.24 Next 75,000 gals. + \$1.75 Over 100,000 gals. + \$1.37</p> <p>Minimum Monthly Charge: No bill will be rendered for less than \$7.40 per month.</p> <p>¾" meter - \$7.60 1" meter - \$19.50 1½" meter - \$30.40 2" meter - \$43.80 2½" meter - \$77.80 3" meter - \$175.10 4" meter - \$317.30 6" meter - \$710.40 8" meter - \$1,245.20</p> <p>Delayed Payment Penalty: A ten percent (10 percent) penalty shall be added to all charges not paid within twenty (20) days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.</p> <p>Section 2 Effective Date:</p>	<p>The rates, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment hereof.</p> <p>Section 3 Separability: Repeat of Conflicting Ordinances: The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All resolutions, orders or parts thereof in conflict with provision of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.</p> <p>Section 4 Public Hearing: This Ordinance has been introduced, and any person interested may appear before Council on the 2nd day of January, 1986, at City Hall at 7 pm, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.</p>
<p>The City Council of the Town of Chapmanville, hereby ordains: The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined, as the rates, fees, charges and delayed payment penalty to be charged to customers of the water system of the Town of Chapmanville throughout the territory served.</p>		
<p>Section 1, Schedule of Rates Applicability: Applicable in entire area served.</p>		
<p>Availability of Service: Available for sanitary water service.</p>		

I, Celia Bailey

Classified Manager of THE LOGAN BANNER, a newspaper in

Logan County, West Virginia do hereby certify that the annexed Notice was published in said newspaper for... successive times on the following dates, December 13 & 20, 1985

Given under my hand this 26th day of December 19 85

Celia Bailey Classified Manager.

State of West Virginia)

County of Logan ) to wit:

Subscribed and sworn to before me this 26th day of December, 19 85.

My Commission expires September 7, 1992

Betty B. Wilson Notary Public

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTIES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE TOWN OF CHAPMANVILLE

COPY OF PUBLICATION From The Logan Banner

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1" meter-\$7.50
3/4" meter-\$7.50
1/2" meter-\$7.50
1/4" meter-\$7.50
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I,

Celia Bailey

Classified Manager of THE LOGAN BANNER, a newspaper in

Logan County, West Virginia do hereby certify that the annexed Notice was published in said newspaper

for... successive times on the following dates, ... December 27, 1985

Given under my hand this... day of... December... 19... 85...

*Celia Bailey*

Classified Manager.

State of West Virginia)

County of Logan ) to wit:

Subscribed and sworn to before me this... day of... December... 19... 85

My Commission expires... September 7, 1992

*Betty B. Wilson*  
Notary Public

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Application for a certificate of convenience and necessity to construct a new water treatment plant and incorporate it into the present water system for the Town of Chapmanville, Logan County.

PSC

My Commission expires September 7, 1994

NOTICE OF FILING

Whereas, on November 11, 1985, the Town of Chapmanville, a municipal corporation, Logan County, filed an application, duly verified, for a certificate of convenience and necessity to construct a new water treatment plant with a new source of water and incorporate same into the present system at Chapmanville, Logan County, and to furnish a more consistent, more dependable and better quality of water service; and

Whereas, the Town of Chapmanville proposed to construct a water treatment plant next to the Guyan River with the source of water to be said river and will use the existing facilities of the Town of Chapmanville for the purpose of dispensing the water to all of the customers of the present system; The plant will provide for anticipated growth of the treatment plant cannot; and

Whereas, the Town of Chapmanville estimates that construction will cost approximately \$1 million and will be financed by HUD Block Grant in the amount of \$650,000; internal funds from Chapmanville Water Board in amount of \$50,000; and a bond issue from the West Virginia Bond Development in the amount of \$300,000.

Pursuant to Section 24-2-11 of the West Virginia Code, it is ordered that the Town of Chapmanville, a municipal corporation, give notice of the filing of said application by publishing a copy of this order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Logan County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to make objection to said application must do so in

It is further ordered that if no protests are received within said 30-day period, the Commission may waive formal hearing and grant the application of the Town of Chapmanville, based on the evidence submitted with said application and its review thereof.

Howard M. Cunningham  
Executive Secretary



SPECIAL COUNCIL MEETING HELD ON SATURDAY, MARCH 1, 1986,  
AT 10:00 AM AT THE MUNICIPAL BUILDING

Present were Mayor Jerome Dingess, Acting Recorder James Farley, Council members Jack Ferrell, Ona T. Mullins and David Chapman. Also present were Joy Vance and Hassell Butcher.

Motion to approve previous minutes made by Ona T. Mullins, seconded by Jack Ferrell. Motion carried.

A more detailed description on building permit from Sam Pridemore and Ken Belcher was presented, also a building permit from M. S. Developers, Inc., (Robert Ferrell & Carl Bledsoe). Motion to approve both permits made by Ona T. Mullins, seconded by Jack Ferrell. Motion carried.

Council discussed street repair after water board digging them up to make repairs. Mrs. Vance said she would see that they would be properly taken care of after repairs were made.

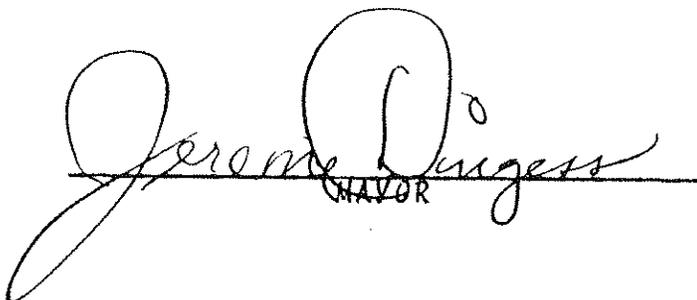
Wanda Robinson appeared before council and expressed interest in renting old town hall.

Motion made by Jack Ferrell to give the Mayor the authority to rent old town hall to Mr. & Mrs. Robinson provided there were no other complications involved, seconded by David Chapman. Motion carried.

Sammee Gee, Attorned with Jackson, Kelley, Holt and O'Farrell, discussed on behalf of the new water system the amount of loan, etc., The first reading of an ordinance pertaining to EDA loan was read and approved with a motion made by Ona T. Mullins, seconded by David Chapman. Motion carried. The second reading to be heard on Monday March 10, 1986, at 7:00 P.M. in a special meeting.

The contract for Hassell Butcher was discussed and a motion made by David Chapman, seconded by James Farley to accept the contract. Motion carried.

Motion made to adjourn by James Farley, seconded by David Chapman. Motion carried.

  
MAYOR

  
RECORDER

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.

Claude Wortman  
Recorder

[SEAL]



SPECIAL COUNCIL MEETING HELD ON MONDAY, MARCH 10, 1986, AT  
7:00 P.M., AT THE MUNICIPAL BUILDING

Meeting was called for the purpose to approve the budget for the F/Y 1986-87, approve revenue sharing and coal severance expenditures, and also to conduct regular town business, and approve the second reading of ordinance pertaining to FDA loan for water project.

Present were Mayor Jerome Dingess, Recorder Claude Workman, Council members Ronald Ferrell, James Farley, David ChapmanXXXXXXXXXXXXXXXXXXXX. Also present were Thomas Parks, Hassell Butcher and Tonia Miller.

Motion to approve reading of minutes of March 1, 1986 made by James Farley, seconded by Ronald Ferrell. Motion carried.

The second reading of ordinance pertaining to water department loan improvement and water rates was presented to council. Motion made by David Chapman, seconded by James Farley to approve second reading. Motion carried.

A resolution concerning the sale of bonds for water department (new treatment plant). Motion to approve resolution made by Ronald Ferrell, seconded by David Chapman. Motion carried.

Tom Parks talked to council and explained how to obtain the property behind Dr. Bittmann's property from the State and/or Federal. Motion made by Ronald Ferrell, seconded by David Chapman to give Tom Parks the authority to begin process of obtaining the property. Motion carried.

Motion to approve the budget for F/Y 1986-87, also revenue sharing and coal severance expenditures made by David Chapman, seconded by James Farley. Motion carried.

Motion made by David Chapman, seconded by James Farley to give the Library \$1,485.00 from revenue sharing, for quarter ending June 30, 1986. Motion carried.   
march 31

Mayor and council discussed old city hall whether to rent or use for garbage trucks. Not to rent at present time. Mayor to make repairs on roof.

Council and Mayor discussed road crossing leading to Charles Mullins property (old Yeager property), also discussed entrance to new postoffice. Mayor to have Joyce to write to postoffice department asking that they do something about entrance. Council in agreement for same.

Council in agreement to cancel regular council meeting March 13, 1986, and March 27, 1986 to have another special meeting and regular meeting combined on March 24, 1986, for hearing of public on water ordinance, also conduct regular town business. Motion made by Ronald Ferrell, seconded by James Farley. Motion carried.

Motion made to adjourn by Ronald Ferrell, seconded by James Farley. Motion carried.

  
Jerome Dingess  
MAYOR

  
Claude Workman  
RECORDER

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.

Claude Wortman  
Recorder

[SEAL]



BOND ORDINANCE  
TOWN OF CHAPMANVILLE, WEST VIRGINIA

INDEX

	<u>PAGE</u>
ARTICLE I      STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS.....	1
Section 1.01. Authority of this Ordinance.....	1
Section 1.02. Findings.....	1
Section 1.03. Ordinance Constitutes Contract.....	3
Section 1.04. Definitions.....	4
ARTICLE II     AUTHORIZATIONS OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM.....	11
Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements.....	11
ARTICLE III    AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS.....	11
Section 3.01. Authorization and Terms of Original Bonds.....	11
Section 3.02. Execution of Bonds.....	12
Section 3.03. Authentication and Registration.....	13
Section 3.04. Negotiability Transfer and Registration.....	13
Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost.....	14
Section 3.06. Bonds not to be Indebtedness of the Town.....	14
Section 3.07. Bonds Secured by Pledge of Net Revenues; Supplemental Bonds to be Junior and Subordinate to to Subordinate Bonds.....	14
Section 3.08. Form of Original Bonds.....	15
Section 3.09. Sale of Original Bonds; Execution of WDA Loan Agreements.....	26

	<u>PAGE</u>
ARTICLE IV      SYSTEM REVENUES AND APPLICATION THEREOF...	26
Section 4.01.    Establishment of Funds and Accounts with Depository Bank.....	26
Section 4.02.    Establishment of Funds and Accounts with Commission.....	26
Section 4.03.    System Revenues; Flow of Funds.....	27
Section 4.04.    Excess Bond Proceeds.....	31
Section 4.05.    Rebate Fund.....	31
Section 4.06.    Rebate Deposits.....	31
Section 4.07.    Rebate Disbursements.....	31
ARTICLE V        APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS.....	32
Section 5.01.    Application of Original Bond Proceeds.....	32
Section 5.02.    Bond Construction Trust Fund; Capitalized Interest Account.....	32
ARTICLE VI      ADDITIONAL COVENANTS OF THE TOWN.....	33
Section 6.01.    General Covenants of the Town.....	33
Section 6.02.    Bonds Not To Be Indebtedness of the Town.....	33
Section 6.03.    Bonds Secured by Pledge of Net Revenues.....	34
Section 6.04.    Rates.....	34
Section 6.05.    Completion, Operation and Maintenance.....	35
Section 6.06.    Sale of the System.....	35
Section 6.07.    Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances.....	36
Section 6.08.    Parity Bonds.....	37
Section 6.09.    Insurance.....	39

	<u>PAGE</u>
Section 6.10. Consulting Engineers.....	40
Section 6.11. Services Rendered to the Town.....	40
Section 6.12. Enforcement of Collections.....	40
Section 6.13. No Competing Franchise.....	41
Section 6.14. Books and Records.....	41
Section 6.15. Initial Schedule of Rates.....	42
Section 6.16. Operating Budget.....	42
Section 6.17. Connection.....	43
Section 6.18. Covenant to Amend Ordinance.....	43
Section 6.19. Essential Governmental Function Bonds.....	43
Section 6.20. Expenditure of Bond Proceeds.....	43
Section 6.21. Bond Reporting Requirements.....	43
ARTICLE VII INVESTMENT OF FUNDS.....	43
Section 7.01. Investments.....	43
Section 7.02. Restrictions as to Arbitrage Bonds...	44
Section 7.03. Restriction of Yield on Bond Proceeds.....	44
Section 7.04. Investment Restrictions.....	45
ARTICLE VIII DEFAULT AND REMEDIES.....	45
Section 8.01. Events of Default.....	45
Section 8.02. Remedies.....	45
Section 8.03. Appointment of Receiver.....	46
ARTICLE IX DEFEASANCE.....	47
Section 9.01. Defeasance of Subordinate Bonds.....	47
Section 9.02. Defeasance of Supplemental Bonds.....	48

	<u>PAGE</u>
ARTICLE X MISCELLANEOUS.....	49
Section 10.01. Modification or Amendment.....	49
Section 10.02. Severability of Invalid Provisions...	50
Section 10.03. Repeal of Conflicting Ordinances.....	50
Section 10.04. Covenant of Due Procedure.....	50
Section 10.05. Effective Date.....	50

BOND ORDINANCE

Introduced in Council

3-1-86

Introduced by

Wm. H. [Signature]

Passed by Council

March 13, 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, values, 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 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 Wortman  
Recorder

Jerome Dinger  
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.

*Claude Workman*  
Recorder

[SEAL]



Resolution No. \_\_\_\_\_

Introduced in Council

Introduced by

March 10, 1986

Ronald Ferrell

Adopted by Council

March 10, 1986

A resolution finding that an ordinance was enacted by the Council of the Town of Chapmanville, West Virginia, on March 10, 1986, 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, all as more fully set out therein; finding that the Town of Chapmanville

contemplates the issuance of the Subordinate Waterworks and Sewerage System Revenue Bonds, and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, and the sale of such Subordinate Waterworks and Sewerage System Revenue Bonds, and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds to the West Virginia Water Development Authority; finding that an abstract of said ordinance, together with a notice that said ordinance has been adopted, that the Town of Chapmanville contemplates the issuance of the Subordinate Waterworks and Sewerage System Revenue Bonds, and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, as described in said ordinance, and that any person may appear before the Council of the Town of Chapmanville upon a certain date and present protests, must be published; reviewing the abstract prepared by the Recorder and determining that such abstract contains sufficient information as to give notice of the contents of said ordinance; and directing the publication of such abstract, together with said notice.

WHEREAS, the Council of the Town of Chapmanville, West Virginia (the "Town"), this day enacted an ordinance (the "Ordinance"), which Ordinance authorized the acquisition and construction of certain extensions, additions, betterments and improvements to the combined waterworks and sewerage system of the Town, authorized the issuance by the Town 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 the Town to be used, along with other funds and moneys of, or available to, the Town 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 of the Town and enacting other provisions related thereto, all as more fully set out therein; and

WHEREAS, Chapter 8, Article 20, Section 4 of the Code of West Virginia, 1931, as amended (the "Act"), requires that an abstract of the Ordinance, together with a notice that the Ordinance has been enacted, that the Town contemplates the issuance of the Subordinate Waterworks and Sewerage System Revenue Bonds and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, as described in the Ordinance, and that any person interested may appear before the Council of the Town upon a certain date and present protests, be published; and

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CHAPMANVILLE, WEST VIRGINIA, AS FOLLOWS:

(1) It is hereby found and determined that the Ordinance was duly enacted by the Council of the Town at a special meeting on March 10, 1986 and that the Act requires the Abstract, together with the Notice, to be published.

(2) The Abstract, together with the Notice, as prepared on behalf of the Recorder in the following form and substance:

Notice is hereby given to any person interested that on March 10, 1986, the Council of the Town of Chapmanville, West Virginia (the "Town") enacted an ordinance (the "Ordinance") which

1. Found that it was necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed, and authorized the construction of, certain extensions, additions, betterments and improvements (the "Project") to the combined waterworks and sewerage system (together with the Project and any further extensions or improvements thereto, the "System"), at an estimated cost of \$1,000,000, in accordance with the plans and specifications prepared and revised by Kelley, Gidley, Blair and Wolfe, Consulting

Engineers, Charleston, West Virginia (the "Consulting Engineers"), which plans and specifications are on file with the Town, and which Project has an estimated useful life in excess of forty (40) years.

2. Authorized the issuance of not more than \$205,000 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Primary Bond"), and not more than \$105,000 in aggregate principal amount of Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Supplemental Bond") (the Primary Bond and the Supplemental Bond are referred to collectively as the "Bonds") of the Town to be used, along with other funds and moneys of, or available to, the Town which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction.

3. Determined that it was in the best interests of the Town that the Bonds be sold, and directed the sale of the Bonds, to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of the Loan Agreements with the Authority, which were ratified by and incorporated in the Ordinance (the "WDA Loan Agreements").

4. Directed that the Bonds shall be issued as two bonds, fully registered with a payment record attached; 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 will be established in the WDA Loan Agreements and prescribed by supplemental resolution of Council; provided that the Primary Bond shall bear interest at the rate of 9.75 percent per annum, payable semiannually, on April 1 and October 1 of each year following the delivery of the Primary Bond; provided that the Supplemental Bond shall bear no interest; that the Bonds be executed in the name of the Town by the Mayor, and the seal of the Town be affixed thereto and attested to by the Recorder; and that said Bonds be duly authenticated by the Registrar.

5. Provided that the Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System or from the respective reserve accounts.

6. Provided that the Primary Bond shall have a lien on the net revenues of the System senior and superior to the lien of the Supplemental Bond; the liens of both Bonds being junior and subordinate to the first lien on the net revenues held by the Town's outstanding Waterworks and Sewerage System Revenue Bonds, dated October 1, 1971.

7. Directed the establishment of a Revenue Fund and the disposition of System revenues; provided for the payment of operation and maintenance expenses, provided for the monthly deposit of funds into the respective Sinking Funds for the payment of principal and interest on the Primary Bond and the payment of principal of the Supplemental Bond; provided for the creation of Reserve Accounts for the Bonds, respectively; provided for the creation of a Renewal and Replacement Fund and the deposit of revenues therein and use thereof; established a Rebate Fund and such accounts to hold funds required to be rebated to the federal government; and provided for the use of excess funds of the System.

8. Provided for the deposition of Bond proceeds; created the Bond Construction Trust Fund to hold the Bond proceeds pending their use for Project costs and provided for liens by the owners of the Bonds on the funds held in the Bond Construction Trust Fund until expended for Project costs; and provided for excess Bond proceeds to be deposited in the Reserve Account for the Primary Bond.

9. Provided that the rates and charges for the System always be sufficient to pay operation and maintenance expenses and all the prescribed payments into the funds created by the Ordinance and, specifically, that the rates and charges

produce revenues sufficient to pay all reasonable expenses of operation, repair and maintenance of the System and leave a balance each fiscal year equal to at least 115% of the maximum principal and interest due on the Bonds and any bonds on a parity with either thereof in any succeeding fiscal year.

10. Provided for the sale, mortgage or lease of the System under certain terms and conditions.

11. Provided that additional bonds on a parity with the Bonds may be issued only upon compliance with certain terms and conditions.

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

13. Provided for amendments to the Ordinance if the Tax Reform Act of 1985 becomes law; provided for compliance with the terms of said Tax Reform Act.

14. Provided for the investment of the Bond proceeds and limitations thereon; provided for covenants against making the Bonds "arbitrage bonds."

15. Established the terms for defaults and the remedies of the owners of the Bonds.

16. Provided for the method of defeasing the Primary Bond and the Supplemental Bond.

17. Provided a restrictive method of modification or amendment of the Ordinance.

The Town contemplates the issuance of the Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, 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 special meeting thereof at 7:00 p.m. on March 24, 1986 at Town Hall, Municipal Building, Chapmanville, and present protest and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the Town of Chapmanville on March 10, 1986, is on file in the Office of the Recorder for review by interested persons during the regular office of such office, to-wit: 8:30 a.m. to 4:00 p.m. Mondays through Fridays.

Claude Workman  
Recorder of the Town of  
Chapmanville, West Virginia

contains sufficient information as to give notice of the contents of the Ordinance.

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

(4) The Council of the Town, as provided in the Notice, shall meet on March 24, 1986 at 7:00 p.m. in Council Chambers for the purpose of hearing all objections and suggestions regarding whether the Ordinance shall be put into effect.

(5) The Recorder is hereby authorized and directed to cause the Abstract, together with the Notice, to be published as a Class II legal advertisement in The Logan Banner, a newspaper of general circulation of the Town, and the first publication of such Abstract and Notice shall be not less than ten (10) days before the date set aforesaid at which interested

persons may appear before the Council of the Town and present protests, and the last publication of such Abstract and Notice shall be prior to said date set aforesaid.

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

(7) This resolution shall take effect immediately upon adoption.

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.

*Claude Workman*  
Recorder

[SEAL]



I, Celia Bailey *Classified Manager of THE LOGAN BANNER, a newspaper in Logan County, West Virginia* do hereby certify that the annexed Notice was published in said newspaper for.....2.....successive times on the following dates, .....March 11 & 18, 1986.....

Given under my hand this 24th day of March, 19 86.

*Celia Bailey* *Classified Manager.*

State of West Virginia)

County of Logan ) to wit:

Subscribed and sworn to before me this 24th day of March, 19 86

My Commission expires September 7, 1992

*Betty B. Wilson*  
Notary Public

# THE LOGAN BANNER

CLASSIFIED ADVERTISING

INVOICE

19 86

P. O. BOX 720 LOGAN, WEST VIRGINIA

PHONE 752-6950

March	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	INCHES	RATE	TIMES	COST	DISCOUNT	NET	
											X											
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	41	\$2.75 per in.	1st publication				\$197.21
	X																\$2.06 per in.	thereafter				
																LINES						
AD-TAKER	ADVERTISER THE TOWN OF CHAPMANVILLE														NOTE AMOUNT IN NET COLUMN APPLIES IF PAYMENT IS MADE WITHIN 10 DAYS.				CLASSIFICATION			

Re: Abstract and Notice

THE TOWN OF  
CHAPMANVILLE  
ABSTRACT AND  
NOTICE

Notice is hereby given to any person interested that on March 10, 1986, the Council of the Town of Chapmanville, West Virginia (the "Town") enacted an ordinance (the "Ordinance") which

1. Found that it was necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed, and authorized the construction of, certain extensions, additions, betterments and improvements (the "Project") to the combined waterworks and sewerage system (together with the Project and any further extensions or improvements thereto, the "System") at an estimated cost of \$1,000,000, in accordance with the plans and specifications prepared and revised by Kelley, Gidley, Blair and Wolfe, Consulting Engineers, Charleston, West Virginia (the "Consulting Engineers"), which plans and specifications are on file with the Town, and which Project has an estimated useful life in excess of forty (40) years.

2. Authorized the issuance of not more than \$205,000 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Primary Board"), and not more than \$105,000 in aggregate principal amount of Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Supplemental Bond") (the Primary Bond and the Supplemental Bond are referred to collectively as the "Bonds") of the Town to be used, along with other funds and moneys of, or available to, the town which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction.

3. Determined that it was in the best interests of the Town that the Bonds be sold, and directed the sale of the Bonds, to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of the Loan Agreements with the Authority, which were ratified by and incorporated in the Ordinance (the "WDA Loan Agreements").

4. Directed that the Bonds shall be issued as two bonds, fully registered with a payment record attached, 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 such issuance and in such amounts as will be established in the WDA Loan Agreements and prescribed by supplemental resolution of Council; provided that the Primary Bond shall bear interest at the rate of 9.75 percent per annum, payable semiannually, on April 1 and October 1 of each year following the delivery of the Primary Bond; provided that the Supplemental Bonds shall bear no interest; that the Bonds be executed in the name of the Town by the Mayor, and the seal of the Town be affixed thereto and attested to by the Recorder; and that said Bonds be duly authenticated by the Registrar.

5. Provided that the Bonds shall not be or constitute an indebtedness of the Town with 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 accounts.

6. Provided that the Primary Bond shall have a lien on the net revenues of the System senior and superior to the lien of the Supplemental bond; the liens of both Bonds being junior and subordinate to the first lien on the net revenues held by the Town's outstanding Waterworks and Sewerage System Revenue Bonds, dated October 1, 1971.

7. Directed the establishment of a Revenue Fund and the disposition of System revenues; provided for the payment of operation and maintenance expenses, provided for the monthly deposit of funds into the respective Sinking Funds for the payment of principal and interest on the Primary Bond and the payment of principal of the supplemental Bond; provided for the creation of Reserve Accounts for the Bonds, respectively; provided for the creation of a Renewal and Replacement Fund and the deposit of revenues therein and use thereof; established a Rebate Fund and such accounts to hold funds created by the Ordinance and such accounts to hold funds required to be rebated to the federal government; and provided for the use of excess funds of the System.

8. Provided for the deposition of Bond proceeds; created the Bond Construction Trust Fund to hold the Bond proceeds pending their use for Project costs and provided for liens by the owners of the Bonds on the funds held in the Bond Construction Trust Fund until expended for Project costs; and provided for excess Bonds proceeds to be deposited in the Reserve Account for the Primary Bond.

9. Provided that the rates and charges for the System always be sufficient to pay operation and maintenance expenses and all the prescribed payments into the funds created by the Ordinance and, specifically, that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation, repair and maintenance of the system and leave a balance each fiscal year, equal to at least 115 percent of the maximum principal and interest due on the Bonds and any bonds on a parity with either thereof in any succeeding fiscal year.

10. Provided for the sale, mortgage or lease of the System under certain terms and conditions.

11. Provided that additional bonds on a parity with the Bonds may be issued only upon compliance with certain terms and conditions.

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

13. Provided for amendments to the ordinance if the Tax Reform Act of 1985 becomes law; provided for compliance with the terms of said Tax Reform Act.

14. Provided for the investment of the Bond proceeds and limitations thereon; provided for covenants against making the Bonds "arbitrage bonds."

15. Established the terms for defaults and the remedies of the owners of the Bonds.

16. Provided for the method of defeasing the Primary Bond and the Supplemental Bond.

17. Provided a restrictive method of modification or amendment of the Ordinance.

The Town contemplates the issuance of the Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, 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 special meeting thereof at 7:00 p.m. on March 24, 1986 at Town Hall, Municipal Building, Chapmanville, and present protest and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the town of Chapmanville on March 10, 1986, is on file in the Office of the Recorder for review by Interested persons during the regular office of such office, to-wit: 8:30 a.m. to 4:00 p.m. Mondays through Fridays.

Claude Workman,  
Recorder of the Town of  
Chapmanville, West  
Virginia.



SPECIAL COUNCIL MEETING HELD AT MUNICIPAL BUILDING, MONDAY,  
MARCH 24, 1986, AT 7:00 P.M.

Meeting called for the purpose of conducting regular business, to hear from the public and adopt ordinance pertaining to water project.

Present were Mayor Jerome Dingess, Recorder Claude Workman, Council members O. T. Mullins, David Chapman and James Farley. Also present were Hassell Butcher, Joy Vance, Jerry Godby and Sammie Gee.

Minutes of previous meeting held March 10, 1986, were read and approved with a motion by O. T. Mullins and seconded by James Farley. Motion carried.

A group of ladies from the Women's Club appeared before council. They feel they are being harrassed. Barbara Hunter, Kay Mills, Ruth Egnor, Helen Garcia and Kay Perry expressed their opinions and they feel the church parking should be treated as the bingo parking. Mayor and council to resolve the problem.

Mayor called meeting to order for public hearing. No protests were heard.

Introduced resolution placing bond ordinance into effect. Motion to accept the resolution made by O. T. Mullins, seconded by David Chapman. Motion carried.

A supplemental and amendatory resolution pertaining as to dates, maturities interest rates on bonds, etc., was introduced. Motion to accept made by O. T. Mullins, seconded by James Farley. Motion carried.

Dave Wheeler reported that the water project is about 75% completed, also should be completed in about three months. He also talked about the alert system.

Motion to cancel next regular council meeting on April 10, 1986, and have combined regular and special meeting on April 15, 1986, to approve the levy estimate. Motion to do aforesaid by O. T. Mullins, seconded by David Chapman. All in favor.

Harold Harless appeared before council and objected to water running off the parking lot of the new postoffice onto his lot. Mayor to have Joyce write a letter to contractors who constructed the postoffice.

Fire Chief Bud Chapman talked to council about the fire department moving to old town hall. Council in agreement to let fire department have same with a motion by David Chapman, seconded by O. T. Mullins. Motion carried. Fire department to get estimates on repairs.

Mayor to check street out behind Exxon Station.

Motion to adjourn made by O. T. Mullins seconded by James Farley. Motion carried.

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MAYOR

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RECORDER



Introduced in Council

March 24, 1986

Introduced by

O.T. Mullens

Adopted by Council

MARCH 24, 1986

"Finding that the Council of the Town of Chapmanville, West Virginia, adopted an Ordinance on March 10, 1986, which Ordinance authorized the acquisition and construction of certain extensions, additions, betterments and improvements to the combined waterworks and sewerage system of the Town of Chapmanville, authorized 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; and provided for the rights and remedies of and security for the owners of such bonds, all as more fully set out therein; finding that the Council of the Town of Chapmanville adopted a resolution on March 10, 1986, directing that an abstract of the Ordinance, together with a notice that said Ordinance has been adopted, that the Town of Chapmanville contemplates the issuance of the Subordinate Waterworks and Sewerage System Revenue Bonds and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, and that any person interested may appear before the Council of the Town of Chapmanville upon a certain date and present protests, be published; finding that said abstract and notice have been duly published; finding that the Council of the Town of Chapmanville met and heard all objections and suggestions regarding whether the Ordinance should be put into effect; and ordering that the Ordinance be put into effect and that the Subordinate Waterworks and Sewerage System Revenue Bonds and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds be issued under the conditions provided therefor."

WHEREAS, the Council of the Town of Chapmanville, West Virginia (the "Council"), on March 10, 1986, enacted an ordinance (the "Ordinance"), which authorized the acquisition and construction of certain extensions, additions, betterments

and improvements to the combined waterworks and sewerage system of the Town of Chapmanville, West Virginia (the "Town"), authorized 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; and provided for the rights and remedies of and security for the owners of such bonds, all as more fully set out therein;

WHEREAS, the Council of the Town, on March 10, 1986, adopted a resolution (the "Resolution") which pursuant to Chapter 20, Article 8, Section 4, of the Code of West Virginia, 1931, as amended (the "Act"), directed the Recorder of the Town to publish an abstract of the Ordinance (the "Abstract"), together with a notice that the Ordinance has been adopted, that the Town contemplates the issuance of the Subordinate Waterworks and Sewerage System Revenue Bonds and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, all as described in the Ordinance and that any person interested may appear before the Council of the Town upon a certain date and present protests (the "Notice"); and

WHEREAS, the Resolution required that the Abstract and Notice be published as a Class II legal advertisement in The Logan Banner and the first publication of such Abstract and Notice was to be not less than ten (10) days before the date set by the Resolution and the Notice at which interested persons might appear before the Council of the Town and present protests and the last publication of such Abstract and Notice was to be prior to said date set by the Resolution and the Notice; and

WHEREAS, the Resolution and the Notice provided for a public hearing to be held in Council Chambers at 7:00 p.m. on Monday, March 24, 1986;

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

(1) It is hereby found and determined:

(A) That the Abstract and Notice were duly published in The Logan Banner, a newspaper of general circulation in the Logan County, with the first publication thereof being on March 11, 1986, which first publication date was not

less than ten (10) days before the date set by the Resolution and the Notice for the public hearing at which interested persons might appear before the Council of the Town and present protests, and with the last publication thereof being on March 18, 1986, which last publication date was prior to said date set by the Resolution and the Notice for the public hearing, and a copy of the affidavit of publication reflecting such publication shall be attached hereto and incorporated herein;

(B) That, in accordance with the Resolution and the Notice, the Recorder has maintained in his office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) That, in Council Chambers in the Municipal Building, on March 24, 1986, at 7:00 p.m., in accordance with the Resolution and the Notice, the Council of the Town met for the purpose of hearing all objections and suggestions regarding whether the Ordinance should be put into effect, and heard all objections and suggestions with regard thereto; and

(D) That, at said public hearing, no significant reasons were presented that could require modification or amendment of the Ordinance, and no written protest with regard thereto was filed by thirty percent (30%) or more of the owners of real estate situate in the Town.

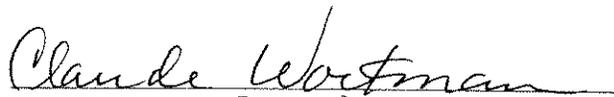
(2) The Ordinance shall be put into effect as of the date hereof, that the Subordinate Waterworks and Sewerage System Revenue Bonds and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds described therein shall be issued under the conditions provided therefor.

(3) This resolution shall be effective immediately upon its adoption.

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.

  
Recorder

[SEAL]



Supplemental and Amendatory Resolution

Introduced in Council

March 24, 1986

Introduced by

O. T. Mollins

Adopted by Council

March 24, 1986

SUPPLEMENTAL AND AMENDATORY RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, AND SUPPLEMENTAL SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, OF THE TOWN OF CHAPMANVILLE; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AMENDING THE DATE FOR THE FIRST INTEREST PAYMENT, AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council of the Town of Chapmanville, West Virginia (the "Town") has duly and officially enacted an Ordinance on March 10, 1986, effective March 24, 1986 (the "Ordinance"), entitled:

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.

WHEREAS, the Ordinance provides for the issuance of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Subordinate Bonds"), and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Supplemental Bonds") (collectively herein the "Bonds") of the Town of Chapmanville (the "Town") in aggregate principal amounts not to exceed \$205,000 and \$105,000 respectively, all in accordance with Chapter 8, Article 20, of the Code of West Virginia, 1931, as amended, (the "Act"), and the terms of the Loan Agreement and Supplemental Loan Agreement (the "Loan Agreement") entered into between the Town and the West Virginia Water Development Authority (the "Authority"), and in the Ordinance it is provided that the dates, interest rates, maturities, sale prices and other terms of the Bonds should be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Council of the Town of Chapmanville (the "Council") deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal dates 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 Council deems it essential to amend the Ordinance to re-establish the first interest payment date for the Subordinate Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CHAPMANVILLE:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental and Amendatory Resolution is adopted and there are hereby authorized and ordered to be issued the Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, in the aggregate principal amount of \$200,260 (the "Subordinate Bonds"), and the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Supplemental Bonds") in the aggregate principal amount of \$99,740, all in the form set forth below and in the Ordinance:

(A) The Subordinate Bonds of the Town shall be originally issued in the form of a single Bond, numbered R-1, in the principal amount of \$200,260. The Subordinate Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1986, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as

the Authority shall be the registered owner of the Subordinate Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1986 through 2025, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein by reference.

(B) The Supplemental Bonds of the Town shall be originally issued in the form of a single Bond, numbered SR-1, in the principal amount of \$99,740. The Supplemental Bonds shall be dated the date of delivery thereof, shall be interest free, shall be subject to redemption upon the written consent of the Authority as long as the Authority shall be the registered owner of the Supplemental Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1986 through 2025, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the Town. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

Section 3. The Town does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement,

including the "Schedule X" attached to each, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the Town have been and are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value.

Section 4. The Town hereby appoints and designates the Bank of Chapmanville, Chapmanville, West Virginia, as the Depository Bank, as provided in the Ordinance.

Section 5. The Town hereby appoints and designates Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar and Paying Agent for the Bonds and reserves the right to appoint such other bank or other entity or entities as the Town may approve by supplemental resolution with the approval of the Authority and notice to said Kanawha Valley Bank, N.A.

Section 6. Capitalized interest on the Subordinate Bonds shall be payable from proceeds of the Subordinate Bonds in the amount of \$10,142.32, which amount shall be sufficient to pay interest on the Subordinate Bonds to and including October 1, 1986, and thereafter interest shall be paid as provided in the Ordinance.

Section 7. The Town hereby directs that no proceeds of the Bonds be placed in the Reserve Accounts created under the Ordinance and directing that the Reserve Accounts be funded from net revenues as provided in the Ordinance.

Section 8. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 25, 1986, to the Authority pursuant to the Loan Agreement and the Supplemental Loan Agreement.

Section 9. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

Section 10. Section 3.01 of the Ordinance shall be amended to read as follows:

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 October 1, 1986. 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 11. This Supplemental Resolution shall be effective immediately upon adoption.

TOWN OF CHAPMANVILLE

*Jerome Singes*  
\_\_\_\_\_  
Mayor

*Claude Wortman*  
\_\_\_\_\_  
Recorder

{SEAL}

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.

Claude Wortman  
Recorder

[SEAL]

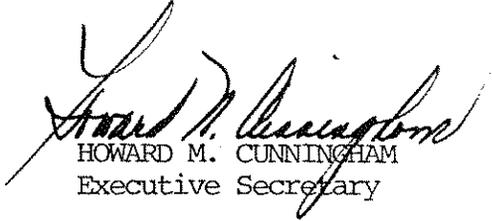


STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

I, HOWARD M. CUNNINGHAM, Executive Secretary of the Public Service Commission of West Virginia, certify that the attached is a true and complete copy of a final order entered by the Commission on February 21, 1986, in Case No. 85-641-W-CN, Town of Chapmanville, as the same appears on file and of record in my office.

Given under my hand and the seal of The Public Service Commission of West Virginia, this 25th day of March, 1986.

  
HOWARD M. CUNNINGHAM  
Executive Secretary

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: February 21, 1986

CASE NO. 85-641-W-CN

TOWN OF CHAPMANVILLE, a municipal corporation, Logan County.

Application for a certificate of convenience and necessity to construct a new water treatment plant and incorporate it into the present system for the Town of Chapmanville, Logan County.

FINAL ORDER

On November 11, 1985, the Town of Chapmanville, a municipal corporation, Logan County, filed a duly verified application for a certificate of convenience and necessity for authority from this Commission to construct a new water treatment plant. It will be connected to the present system, which serves the water customers of the Town of Chapmanville and vicinity. The Town of Chapmanville (Town) proposes to construct a water treatment plant which will use the Guyandotte River as its source of water rather than continuing to use the existing well field, which is the present source of raw water. The new treatment plant will be connected to the existing distribution system and will furnish a more consistent, dependable and overall better quality of water service to the Town's customers.

In its application, the Town of Chapmanville estimates that the construction cost will be approximately \$1,000,000 and will be financed by a Housing and Urban Development Block Grant in the amount of \$650,000; internally generated funds from the Chapmanville Water Board in the amount

of \$50,000; and, the proceeds from revenue bonds issued by the Water Development Authority in the amount of \$300,000.

By order of this Commission entered on November 12, 1985, the Town was directed to give notice of the filing of said application by publishing a copy of the Commission's order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Logan County, pursuant to West Virginia Code §24-2-11. The Applicant was further directed to return to the Commission proper certification immediately after publication and said order further provided that anyone desiring to make objection to said application must do so in writing, within thirty (30) days after publication of the notice. Publication was made as required in The Logan Banner on December 2, 1985, and, as of the date of this order, no protests have been received to the granting of this application.

Pursuant to standard Commission policy, this application was submitted to the Commission's various operating divisions for their respective review and recommendations. A review of the case file indicates that Staff has made its investigation and entered final recommendations in this proceeding.

In his memorandum dated February 4, 1986, David Hippchen of the Commission's Engineering Division, recommended that this project be approved and that there is no necessity for a hearing in this matter. Mr. Hippchen noted that the Town did not file this application until November 11, 1985, long after the bids were opened on April 18, 1985. This type of delay could preclude a meaningful review wherein the Commission's Staff could make recommendations for changes. Fortunately, this filing does not present issues with which the Engineering Division will take exception.

The proposed construction consists of a 500 GPM water treatment plant and related appurtenances which will enable the plant to treat surface water from the Guyandotte River. The current source of water is a well field with four pumps and the existing plant produces water at a rate of approximately 250 GPM. Thus the new plant will have a higher capacity and will meet current demands of approximately 300,000 GPD in ten hours, where the current plant must run in excess of 20 hours per day to meet current demand.

Mr. Hippchen also stated in his memorandum that the Engineering Division has in its files documentation concerning a serious water shortage in 1982, which was due to a combination of leakage and dropping well levels. The files also contain a number of recent complaints regarding poor water quality, which is due to high iron levels. The new plant construction will correct these problems by using the river as the raw water source. The minimum river flow is 45 CFS(20,000 GPM) and tests show that this water is predominately free from objectionable contaminant levels. The present plant is not designed to treat surface water, cannot be refitted to do so, and therefore, it requires replacement.

The Town's original project, as outlined in an Engineering Report prepared in November of 1984, was larger than the present application calls for. The proposed plant capacity has been reduced from 800 GPM to 500 GPM, 4500 LF of 12 inch transmission main and a 500,000 gallon storage tank have also been omitted. The project, as proposed herein, also eliminated several pieces of plant equipment, which became necessary after the opening of bids.

The Town estimates that the proposed project cost will be \$1,000,000 and is broken down as follows:

Construction Cost	\$ 825,000
Administrative Cost	25,000
Legal and Bond Counsel	15,000
Engineering Services	95,000
Interest During Construction	21,000
Project Contingency	19,000
Total Project Cost	<u>\$1,000,000</u>

In her memorandum of January 15, 1986, Utility Financial Analyst Diane A. Davis indicated that the original low bid was \$898,000 for construction which required the above-mentioned deletions amounting to \$73,000. She also noted that the file contains commitment letters from the funding sources and her investigation confirms the existence of surplus funds generated by the Town which it can use for this project.

The case file also contains a rate ordinance passed by the Town of Chapmanville which will provide additional funds to operate the Water Department and pay the increased operating and maintenance expenses associated with use of the new water treatment plant. These rates apparently went into effect on January 2, 1986. Ms. Davis calculates that the Town, using its new rates, should have total cash available of \$220,285. The operating and maintenance expenses are expected to be \$114,102, with taxes amounting to \$4,889 for a total cash requirement figure before debt service of \$118,991. Cash available for debt service should amount to \$101,294 with total debt service plus reserve requirements amounting to \$42,036. Thus, utilizing its new rates, the Town should realize a surplus of \$59,258 and a coverage ratio of 255.2%.

Based upon a review of the application and upon all the information contained in the case file, the Hearing Examiner finds and concludes:

1. That there exists a public need for the proposed water treatment plant in order that the Town of Chapmanville may begin to provide more reliable and better quality water to its customers.

2. That the public convenience and necessity will best be served by the issuance of a certificate of convenience and necessity to the Applicant for the proposed project.

3. That the Town of Chapmanville has provided adequate and proper notice to the public of this application.

4. That the proposed financing for the project is reasonable and should be approved.

5. That the Town of Chapmanville's rates and charges are reasonable and will adequately provide fundings of this project, as well as the continuing operation of the Town's Water Department.

6. That good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11.

7. That the issuance of a certificate of convenience and necessity should be valid for this project as proposed and that any substantial changes in the scope of this project and/or funding after being received, will require Commission approval.

IT IS, THEREFORE, ORDERED:

1. That formal hearing on this matter be waived, pursuant to West Virginia Code §24-2-11, for the reasons that no protests were received after publication and there remains no outstanding issues to be litigated.

2. That the proposed permanent and interim financing of this project be approved.

3. That the Town of Chapmanville file a proper tariff with the Commission setting forth the rates, charges and other tariff provisions adopted in its rate ordinance for use by the Town within thirty (30) days of the date of this order.

4. That a certificate of convenience and necessity be, and it hereby is, granted to the Town of Chapmanville to construct, maintain and operate a 500 GPM water treatment plant and related appurtenances, which will allow it to treat surface water from the Guyandotte River and to transport finished water to its customers through the existing distribution system, as the same has been set out in its application.

5. That the Town of Chapmanville shall seek a certificate of convenience and necessity from this Commission for the portions of the Town's original project, which were deleted from this application, when it is ready to proceed with these improvements. It is the affirmative duty of the Town of Chapmanville to timely file future applications, rather than come to the Commission at a later stage in the project. Failure to timely file such applications could preclude Commission assistance and result in unforeseen problems.

6. That the Executive Secretary of the Commission serve a copy of this order upon all parties to this proceeding by United States First Class Mail and upon the Commission and its Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Hearing Examiners as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Hearing Examiners to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's

Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.

  
Mark T. Aliff  
Hearing Examiner

MTA:mrs



TOWN OF CHAPMANVILLE, WEST VIRGINIA

\$200,260 Subordinate Waterworks and Sewerage  
System Revenue Bonds, Series 1986

\$99,740 Supplemental Subordinate Waterworks  
and Sewerage System Revenue Bonds, Series 1986

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. GRANTS
12. INSURANCE
13. LOAN AGREEMENT
14. DELIVERY, PAYMENT AND TERMS OF BONDS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Chapmanville, State of West Virginia (herein called the "Town"), and the undersigned ATTORNEY for the Town, hereby certify in connection with the single, fully registered Town of Chapmanville Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, numbered R-1, dated the date hereof, in the principal amount of \$200,260 and bearing interest at the rate of nine and seventy-five thousandth per centum (9.75%) per annum (the "Subordinate Bonds"), and the single, fully registered Town of Chapmanville Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, numbered SR-1, dated the date hereof, in the principal amount of \$99,740 and bearing no interest (the "Supplemental Bonds") (collectively herein called the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance enacted by the Town on March 10, 1986, and a Supplemental Resolution adopted March 24, 1986, relating to the Bonds (collectively, the "Ordinance"), and the Loan Agreement and Supplemental Loan

Agreement (collectively, the "Loan Agreement") entered into between the Town and the West Virginia Water Development Authority (the "Authority"), dated February 20, 1986.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Council of the Town authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Town or the title of the members or officers of the Town or of the Council thereof to their respective offices; nor questioning the construction and acquisition of the extensions, additions, betterments and improvements to the existing combined waterworks and sewerage system of the Town financed in part by the proceeds of sale of the Bonds (herein called the "Project"), nor operation by the Town of such combined waterworks and sewerage system as expanded by the Project (such combined waterworks and sewerage system as so expanded, and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Town or the System since December 16, 1985. Further, there has been no adverse change in the status of any grant necessary to finance the acquisition and construction of the Project. The Town currently has outstanding \$231,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series A and B, dated October 1, 1971.

5. SIGNATURES: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and serving officers of the Town as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds for the Town. The seal impressed upon the Bonds and this certificate is the duly authorized, proper and only seal of the Town.

6. PUBLIC SERVICE COMMISSION ORDER: The undersigned Attorney hereby covenants that he has filed any information with the Public Service Commission and taken any other actions required to maintain the Public Service Commission order, dated the 21st day of February, 1986, in full force and effect.

7. RATES: The rates were enacted by ordinance on January 2, 1986, and the Town has complied with all requirements of the Public Service Commission to make the rates valid and effective.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Town is "Town of Chapmanville," and it is a municipal corporation of the State of West Virginia in Logan County of said State. The governing body of the Town is its Council, consisting of five members, a Mayor and a Recorder, whose names and dates of commencement and termination of terms of office for all members during these Bond proceedings, including current terms, are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Mayor	Jerome Dingess	7/1/83	6/30/87
Recorder	Claude Workman	9/1/84*	6/30/87
Council Member	David Chapman	7/1/83	6/30/87
Council Member	James Farley	7/1/83	6/30/87
Council Member	Ronald Ferrell	7/1/83	6/30/87
Council Member	Ona T. Mullins	7/1/83	6/30/87
Council Member	Jackie Ferrell	4/12/84*	6/30/87

The duly appointed and acting Attorney for the Town is Bernard Spalding of Logan, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the Town and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation

\*Appointed to fill vacancies.

are, in the opinion of all the undersigned, within the ability of the Town to pay for the same without jeopardizing the security of or payments on the Bonds.

10. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Town in any way connected with the construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Council duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of Council, and a quorum of duly appointed, qualified and acting members of the Council was present and acting at all times during all such meetings.

11. GRANTS: As of the date hereof, the United States Department of Housing and Urban Development ("HUD") has committed to the Town the approximate amount of \$650,000. Said commitment of HUD is as of this date still in force and effect.

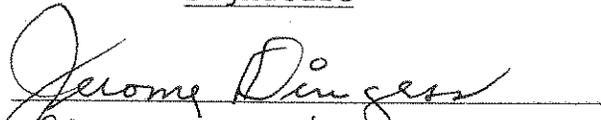
12. INSURANCE: The Town has maintained and will, or, as appropriate, has required and will require all contractors to, maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Ordinance.

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

14. DELIVERY, PAYMENT AND TERMS OF BONDS: On the date hereof, Subordinate Bond Numbered R-1, and Supplemental Bond Numbered SR-1 were delivered to said West Virginia Water Development Authority in Dunbar, West Virginia, by the undersigned Mayor. At the time of such delivery, Subordinate Bond Number R-1 and Supplemental Subordinate Bond Number SR-1 have been duly and fully executed by the Mayor and the Recorder and sealed on behalf of the Town by the Recorder in accordance with the Ordinance.

WITNESS our signatures and the official corporate seal of the Town of Chapmanville on this 25th day of March, 1986.

[CORPORATE SEAL]

<u>Signature</u>	<u>Official Title</u>
 _____	Mayor
 _____	Recorder
 _____	Attorney



TOWN OF CHAPMANVILLE, WEST VIRGINIA

\$200,260 Subordinate Waterworks and  
Sewerage System Revenue Bonds, Series 1986

\$99,740 Supplemental Subordinate Waterworks  
and Sewerage System Revenue Bonds, Series 1986

CERTIFICATE OF RECORDER AS TO TRUTH  
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Claude Workman, Recorder of the Town of Chapmanville, West Virginia, (the "Town") hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of \$200,260 in principal amount of the Town of Chapmanville Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and the sale of \$99,740, in principal amount of the Town of Chapmanville Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, (collectively the "Bonds") are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Town of Chapmanville, that said documents have been duly adopted, enacted or entered by the Council of said Town, 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, rescision, supersedence, amendment or modification is also listed below:

1. Re-affirming Oaths of Office, dated March 24, 1986, of the following officials: Jerome Dingess, Mayor; Claude Workman, Recorder; and David Chapman, James Farley, Jackie Ferrell, Ronald Ferrell and Ona T. Mullins, Councilmen.

2. West Virginia Water Development Authority ("WDA") Loan Agreement, dated February 20, 1986.

3. WDA Supplemental Loan Agreement, dated February 20, 1986.

4. Minutes of the November 14, 1985, meeting of the Council of the Town of Chapmanville, wherein the rate ordinance was introduced.

5. Minutes of the December 3, 1985, meeting of the Council of the Town of Chapmanville, wherein the rate ordinance was passed.

6. Minutes of January 2, 1986, meeting of the Council of the Town of Chapmanville, wherein a public hearing on the rate ordinance was held and the rate ordinance was placed into effect.

7. Minutes of the March 1, 1986, meeting of the Council of the Town of Chapmanville, wherein the bond ordinance was introduced.

8. Minutes of the March 10, 1986, meeting of the Council of the Town of Chapmanville, wherein the bond ordinance was enacted and a resolution authorizing publication of an abstract of the bond ordinance was adopted.

9. The resolution authorizing publication of an abstract of the bond ordinance.

10. The bond ordinance.

11. Minutes of the March 24, 1986, meeting of the Council of the Town of Chapmanville, wherein a public hearing was held on the bond ordinance and wherein the resolutions putting the bond ordinance into effect and the authorizing sale of the bonds were adopted *said minutes having not yet been approved by the Council.*

12. The resolution putting the bond ordinance into effect.

13. Supplemental Resolution Authorizing the Sale of the Town of Chapmanville Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and the Town of Chapmanville Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986.

WITNESS my signature and the official seal of the Town of Chapmanville, West Virginia, as of the 25th day of March, 1986.

Claude Wortman  
Recorder, Town of Chapmanville

(SEAL)



TOWN OF CHAPMANVILLE, WEST VIRGINIA

\$200,260 Subordinate Waterworks and Sewerage  
System Revenue Bonds, Series 1986

\$99,740 Supplemental Subordinate Waterworks  
and Sewerage System Revenue Bonds, Series 1986

CERTIFICATE AS TO NON-ARBITRAGE

I, Jerome Dingess, Mayor of the Town of Chapmanville, West Virginia (herein called the "Town"), hereby certify and reasonably expect with respect to the issuance of the \$200,260 Town of Chapmanville Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Subordinate Bonds"), and the \$99,740 Town of Chapmanville Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Supplemental Bonds"), both dated as of the date hereof (collectively herein called the "Bonds"), as follows:

1. Capitalized words not defined herein shall have the meaning defined in the Bond Ordinance enacted by the Town on March 10, 1986.

2. The original proceeds of the Bonds, being \$200,260 and \$99,740, respectively, will be used as follows: (1) \$283,857.68 for the financing of the cost of construction and acquisition of the extensions, additions, betterments and improvements to the combined waterworks and sewerage system of the Town (the "Project"), (2) \$10,142.32 for the payment of interest on the Subordinate Bonds during construction, and (3) \$6,000 for expenses incurred in connection with the issuance of the Bonds.

3. The Town's Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purpose of providing funds to pay the costs of issuance of the Bonds, and to pay a portion of the costs of acquisition and construction of the Project. The remainder of such costs are expected to be paid with a grant from the United States Department of Housing and Urban Development ("HUD") and with funds of the Town.

4. The total cost of the Project is estimated to be \$1,000,000. The amount of Project costs not expected to be reimbursed or paid from the HUD grant or funds of the Town is estimated to be at least \$300,000. Except for the proceeds of the grants described in Paragraph 3 above and funds of the Town in the amount of \$50,000, no other funds of the Town will be available to meet costs of the Project, and no balances are

available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

5. Pursuant to Article IV of the Ordinance, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund;
- (4) Bond Construction Trust Fund;
- (5) Rebate Fund;

(6) Subordinate Bonds Sinking Fund, and within the Subordinate Bonds Sinking Fund, the Subordinate Bonds Reserve Account; and

(7) Supplemental Bonds Sinking Fund, and within the Supplemental Bonds Sinking Fund, the Supplemental Bonds Reserve Account.

6. Pursuant to Article V of the Ordinance, the proceeds of the Bonds will be deposited as follows:

(1) From proceeds of the Subordinate Bonds, the sum of \$10,142.32 shall be deposited in the Capitalized Interest Account in the Bond Construction Trust Fund to be applied to payment of interest on the Subordinate Bonds to and including October 1, 1986. Investment earnings on the Capitalized Investment Account shall be transferred monthly to the Bond Construction Trust Fund.

(2) The balance of the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of the Cost of the Project, including costs of issuance of the Bonds.

7. All moneys in the Sinking Funds described in Paragraph 5 (including any income earned thereon) will be held for the payment of the principal due and the interest to accrue on the Bonds on or prior to the maturity thereof. Moneys held in the Sinking Funds will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of construction of the Project.

8. Except for the Sinking Funds described in Paragraph 5 (including the Reserve Accounts established therein), there are no other funds or accounts established or held by the Town which are reasonably expected to be used to pay debt service on the Bonds or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Town encounters financial difficulties.

9. Any money deposited in the Sinking Funds, other than in the Reserve Accounts therein, will be spent within a thirteen-month period beginning on the date of receipt, and any money received from the investment of the amounts held in the Sinking Funds, other than in the Reserve Accounts therein, will be spent within a one-year period beginning on the date of receipt. Investment earnings on the Reserve Accounts 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.

10. The Town has entered into binding obligations for construction of the Project and work on the Project will proceed with due diligence to completion. The construction period for the Project is approximately six months. All of the proceeds of the Bonds will be expended within three years of the date of issue.

11. The Project will not be sold or otherwise disposed of in whole or in part before the maturity of the Bonds.

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

13. The Town has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer, the certification of which may not be relied upon by holders of obligations of the Town or that there is any disqualification of the Town by the Internal Revenue Service because a certification made by the Town contains a material misrepresentation.

14. The Town has covenanted in the Bond Ordinance to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the regulations or Section 1.103(c).

15. The Bonds were sold on March 25, 1986 to the West Virginia Water Development Authority for a purchase price of \$200,260 and \$99,740 respectively. No accrued interest was payable on the Bonds. The Bonds are junior and subordinate to

the Town's Combined Waterworks and Sewerage System Revenue Bonds, Series A and B, dated October 1, 1971, and the Supplemental Bonds are junior and subordinate to the Subordinate Bonds.

16. To the best of my knowledge, information and belief, the above expectations are reasonable.

This certification has been delivered pursuant to Sections 1.103-13, 1.103-14 and 1.103-15 of the Treasury Regulations under the Internal Revenue Code of 1954, as amended, as part of the record of proceedings and accompanying certificates with respect to the Bonds. I am one of the officers of the Town charged by the Town in the Bond Ordinance with responsibility for issuance of the Bonds, and, as such, I am an official referred to in Section 1.103-13(a)(2)(ii) whose certification may be relied upon as the certification of the Town.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 25th day of March, 1986.

TOWN OF CHAPMANVILLE, WEST VIRGINIA

By:   
Mayor



TOWN OF CHAPMANVILLE, WEST VIRGINIA

\$200,260 Subordinate Waterworks and  
Sewerage System Revenue Bonds, Series 1986

\$99,740 Supplemental Subordinate Waterworks and  
Sewerage System Revenue Bonds, Series 1986

ENGINEER'S CERTIFICATE

I, Harvey A. McCallister, Registered Professional Engineer, West Virginia License No. 7201, of Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of the extensions, additions, betterments and improvements to the water supply system of the existing combined waterworks and sewerage system (herein called the "Project") of the Town of Chapmanville (the "Town") to be constructed in Logan County, West Virginia, which construction and acquisition are being financed in part by the above-captioned bonds of the Town of Chapmanville. Capitalized words not defined herein shall have the meaning set forth in the Bond Ordinance and the Loan Agreements.

1. The Project is estimated to cost \$1,000,000 and is being funded by a United States Department of Housing and Urban Development Community Development Block Grant in the amount of \$650,000, (the "HUD Grant"), funds from the Town in the amount of \$50,000 and \$300,000 from the proceeds of the sale of the above-captioned bonds to the West Virginia Water Development Authority (the "WDA").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the WDA and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed, (iii) the Town has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and I have ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy, (iv) the Town has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) that such rates and charges for the System are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreements, and (vi) that the net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or

to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application.

WITNESS my signature on this 25th day of March, 1986.

  
KELLEY, GIDLEY, BLAIR & WOLFE, INC.



TOWN OF CHAPMANVILLE, WEST VIRGINIA

\$200,260 Subordinate Waterworks and Sewerage  
System Revenue Bonds, Series 1986

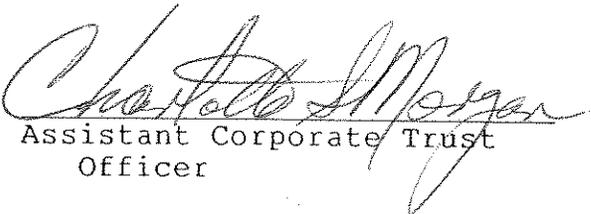
\$99,740 Supplemental Subordinate Waterworks  
and Sewerage System Revenue Bonds, Series 1986

ACCEPTANCE OF DUTIES OF REGISTRAR AND PAYING AGENT

KANAWHA VALLEY BANK, N.A., a national banking association with its principal corporate office in Charleston, West Virginia, hereby accepts appointment as Registrar and Paying Agent in connection with an Ordinance of the Town of Chapmanville enacted March 10, 1986, and the Supplemental Resolution adopted March 24, 1986 (collectively the "Ordinance") authorizing issuance of the Town of Chapmanville Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, in the aggregate principal amount of \$200,260 and the Town of Chapmanville Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, in the aggregate principal amount of \$99,740 (the "Bonds") and agrees to perform all duties of Registrar and Paying Agent in connection with such Bonds, all as set forth in said Ordinance.

Witness my signature as of the 25th day of March, 1986.

KANAWHA VALLEY BANK, N.A.

By:   
Assistant Corporate Trust  
Officer

## REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 25th day of March, 1986, by and between the TOWN OF CHAPMANVILLE, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof, issued and sold its \$200,260 Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Subordinate Bonds"), and its \$99,740 Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Supplemental Bonds"), in fully registered form (collectively the "Bonds"), pursuant to a Bond Ordinance enacted March 10, 1986, and a Supplemental Resolution adopted March 24, 1986 (collectively, the "Ordinance");

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

WHEREAS, the Ordinance provides for an appointment by the Governmental Agency of a Registrar and Paying Agent for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Paying Agent and Registrar under the Ordinance and to take certain other actions hereinafter set forth;

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

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Paying Agent and 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 exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

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

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

4. The Governmental Agency hereby agrees to indemnify the Registrar against any loss, liability or expense incurred by the Registrar other than liability arising by reason of the bad faith, negligence or willful misconduct of the Registrar, and the Registrar hereby agrees to indemnify the Governmental Agency against any loss, liability or expense incurred by the Governmental Agency by reason of the bad faith, negligence or willful misconduct of the Registrar. Such expense, in either case, shall include the costs and expenses of defending against any claim or liability. Neither the Governmental Agency nor the Registrar shall be liable under or held in breach of this Registrar's Agreement if prevented, hindered or delayed in the performance or observance of any provision of this Registrar's Agreement by reason of any act of God, strikes, lockouts, riots, acts of war, epidemics, government action or regulation imposed after the fact, judicial order, earthquakes, floods, fires or other causes beyond their reasonable control.

5. As compensation for acting as Paying Agent and Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Paying Agent and 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.

7. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

8. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

GOVERNMENTAL AGENCY

Town of Chapmanville  
P. O. Box 426  
Chapmanville, WV 25508

REGISTRAR:

Kanawha Valley Bank, N.A.  
One Valley Square  
P. O. Box 1793  
Charleston, WV 25326  
Attention: Paying Agency Department

9. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the TOWN OF CHAPMANVILLE and KANAWHA VALLEY BANK, N.A. have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF CHAPMANVILLE

By: *Jerome Dingess*  
Mayor

KANAWHA VALLEY BANK, N.A.

By: *Christotto Morgan*  
Assistant Corporate Trust  
Officer

EXHIBIT A



REQUEST AND AUTHORIZATION AS TO AUTHENTICATION  
AND DELIVERY OF THE BONDS

March 25, 1986

Kanawha Valley Bank, N.A.  
P. O. Box 1793  
Charleston, WV 25326

Ladies and Gentlemen:

We herewith hand to you, duly executed, \$200,260 Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and \$99,740 Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Bonds") of the Town of Chapmanville, West Virginia (the "Town"), authorized to be issued under and pursuant to the Bond Ordinance, dated as of March 10, 1986, and supplemented by resolution on March 24, 1986 (collectively the "Ordinance").

You are hereby requested and authorized to authenticate and deliver the Bonds on behalf of the Town to the West Virginia Water Development Authority.

TOWN OF CHAPMANVILLE

By Jerome Dingess  
Mayor

(SEAL)

Attest:

Claude W. Wootman  
Recorder



TOWN OF CHAPMANVILLE, WEST VIRGINIA

\$200,260 Subordinate Waterworks and  
Sewerage System Revenue Bonds, Series 1986

\$99,740 Supplemental Subordinate Waterworks  
and Sewerage System Revenue Bonds, Series 1986

CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte Morgan, Assistant Corporate Trust Officer of Kanawha Valley Bank, N.A., as Registrar under the Ordinance providing for the issuance of \$200,260 in aggregate principal amount of the Town of Chapmanville's (the "Town") Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Subordinate Bonds"), and \$99,740 in aggregate principal amount of the Town of Chapmanville's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Supplemental Bonds"), hereby certify that on the 25th day of March, 1986, the fully registered Subordinate Bonds of the Town in the principal amount of \$200,260 designated "Town of Chapmanville Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986", and numbered R-1, and the Supplemental Bonds in the principal amount of \$99,740 designated "Town of Chapmanville Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986", and numbered SR-1, both dated of the date hereof were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Town kept for that purpose at our office, by a duly authorized officer on behalf of Kanawha Valley Bank, N.A., as Registrar.

WITNESS my signature as of the 25th day of March, 1986.

KANAWHA VALLEY BANK, N.A.

By:   
Its: ASSISTANT CORPORATE  
TRUST OFFICER



TOWN OF CHAPMANVILLE, WEST VIRGINIA

\$200,260 Subordinate Waterworks and Sewerage  
System Revenue Bonds, Series 1986

\$99,740 Supplemental Subordinate Waterworks  
and Sewerage System Revenue Bonds, Series 1986

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, EDGAR N. HENRY, Director of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), and JEROME DINGESS, Mayor of the Town of Chapmanville (the "Town"), hereby certify as follows:

1. On the 25th day of March, 1986, in Dunbar, West Virginia, the Authority received the entire original issue of \$200,260 in aggregate principal amount of the Town of Chapmanville Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Subordinate Bonds") and the entire original issue of \$99,740 in aggregate principal amount of the Town of Chapmanville Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Supplemental Bonds") (collectively the "Bonds"), authorized to be issued by an ordinance passed by the Council of the Town on the 10th day of March, 1986, and a Supplemental Resolution adopted on the 24th day of March, 1986 (collectively the "Ordinance"), said Bonds being dated the 25th day of March, 1986; and issued in the form of two bonds, fully registered to the Authority, and numbered R-1 and SR-1, respectively.

2. At the time of receipt of such Bonds, they had been executed by Jerome Dingess, Mayor of the Town, by manual signature, and attested by Claude Workman, Recorder of the Town by manual signature, and the official seal of the said Town had been impressed upon each Bond.

IN WITNESS WHEREOF, Edgar N. Henry duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 25th day of March, 1986.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By:

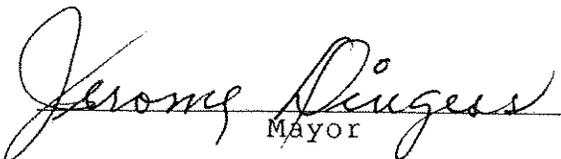
  
Director

The Town has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Town's Bonds, of the proceeds of the Subordinate Bonds in the amount of \$200,260 (100% of par), and with no interest having been accrued thereon. Proceeds of the Supplemental Bonds in the amount of \$99,740 (100% of par) are expected to be received in the near future.

IN WITNESS WHEREOF, the Town of Chapmanville has caused this receipt to be executed by its Mayor on this 25th day of March, 1986.

TOWN OF CHAPMANVILLE, WEST VIRGINIA

BY:

  
Mayor



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-1

\$200,260

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 the West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of Two Hundred Thousand Two Hundred Sixty Dollars (\$200,260), 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 of 9.75%.

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 October 1, 1986. 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 office of Kanawha Valley Bank, N.A., Charleston, West Virginia, or any designated successor as paying agent (the "Paying Agent"). The interest on this Bond is payable by check or draft mailed by the Paying Agent to the registered owner at the address as it appears on the books of Kanawha Valley Bank, N.A., or any designated successor as registrar (the "Registrar"), on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated February 20, 1986, as to the Authority, 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") (said existing system, together with the Project and any further improvements, additions, extensions and betterments thereto, is hereinafter called the "System"), (ii) to capitalize interest hereon 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 Code of West Virginia, 1931, as amended (the "Act"), an Ordinance duly enacted by the Town on the 10th day of March, 1986, and a Supplemental Resolution adopted by the Town on the 24th day of March, 1986 (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 this Bond 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 \$99,740, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this issue. This Bond is junior and subordinate to the Town's Combined Waterworks and Sewerage System Revenue Bonds, Series A and B, dated October 1, 1971.

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 hereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for all reasonable expenses of operation, repair and maintenance of the System and 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 Bonds of this issue and all other obligations prior to or on a parity with this Bond; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement (as defined in the Ordinance) is on deposit in the Reserve Account (as defined in the Ordinance), the reserve account for any bonds on a parity with the Bonds of this issue is funded at least at the requirement therefor and the reserve account for the Prior Bonds is funded at least at the requirement 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 interest on the Bonds on this issue, the Prior Bonds and any bonds on a parity with this Bond. The Town has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Ordinance. Remedies provided the registered owner of this Bond 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 provisions 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 registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of 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 and attested by its Recorder, and has caused this bond to be dated March 25, 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.

KANAWHA VALLEY BANK, N.A.  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

Dated: \_\_\_\_\_

## EXHIBIT A

## SCHEDULE OF ANNUAL DEBT SERVICE

TABLE II

## TOWN OF CHAPMANVILLE

## Analysis of 7.00% Borrowing Cost for Local Issuer

-----1985 Series A Bonds-----

Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1986	9.75%	484.00	10,142.32	10,626.32
1987	9.75%	531.00	19,478.16	20,009.16
1988	9.75%	583.00	19,426.39	20,009.39
1989	9.75%	640.00	19,369.55	20,009.55
1990	9.75%	703.00	19,307.15	20,010.15
1991	9.75%	771.00	19,238.60	20,009.60
1992	9.75%	846.00	19,163.43	20,009.43
1993	9.75%	929.00	19,080.95	20,009.95
1994	9.75%	1,019.00	18,990.37	20,009.37
1995	9.75%	1,119.00	18,891.02	20,010.02
1996	9.75%	1,228.00	18,781.91	20,009.91
1997	9.75%	1,347.00	18,662.18	20,009.18
1998	9.75%	1,479.00	18,530.85	20,009.85
1999	9.75%	1,623.00	18,386.65	20,009.65
2000	9.75%	1,781.00	18,228.41	20,009.41
2001	9.75%	1,955.00	18,054.76	20,009.76
2002	9.75%	2,146.00	17,864.15	20,010.15
2003	9.75%	2,355.00	17,654.91	20,009.91
2004	9.75%	2,584.00	17,425.30	20,009.30
2005	9.75%	2,836.00	17,173.36	20,009.36
2006	9.75%	3,113.00	16,896.85	20,009.85
2007	9.75%	3,416.00	16,593.33	20,009.33
2008	9.75%	3,749.00	16,260.27	20,009.27
2009	9.75%	4,115.00	15,894.74	20,009.74
2010	9.75%	4,516.00	15,493.53	20,009.53
2011	9.75%	4,956.00	15,053.22	20,009.22
2012	9.75%	5,440.00	14,570.01	20,010.01
2013	9.75%	5,970.00	14,039.61	20,009.61
2014	9.75%	6,552.00	13,457.54	20,009.54
2015	9.75%	7,191.00	12,818.72	20,009.72
2016	9.75%	7,892.00	12,117.59	20,009.59
2017	9.75%	8,662.00	11,348.12	20,010.12
2018	9.75%	9,506.00	10,503.58	20,009.58
2019	9.75%	10,433.00	9,576.74	20,009.74
2020	9.75%	11,450.00	8,559.53	20,009.53
2021	9.75%	12,567.00	7,443.15	20,010.15
2022	9.75%	13,792.00	6,217.87	20,009.87
2023	9.75%	15,137.00	4,873.15	20,010.15
2024	9.75%	16,612.00	3,397.29	20,009.29
2025	9.75%	18,232.00	1,777.62	20,009.62
		200,260.00	590,742.88	791,002.88

[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:

**"SPECIMEN"**





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-1

\$99,740

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 the West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of Ninety-nine Thousand Seven Hundred Forty Dollars (\$99,740), 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 office of Kanawha Valley Bank, N.A., Charleston, West Virginia, or any designated successor as paying agent. 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 February 20, 1986, as to the Authority, between the Town and the Authority.

This Bond is issued, together with the Subordinate Bonds as hereinafter defined, (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") (said existing system, together with the Project and any further improvements, additions, extensions and betterments thereto, is hereinafter called the "System") and (ii) 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 Code of West Virginia, 1931, as amended (the "Act"), an Ordinance duly enacted by the Town on the 10th day of March, 1986, and a Supplemental Resolution adopted by the Town on the 24th day of March, 1986 (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 Bond 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 \$200,260, 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 Town's Combined Waterworks and Sewerage System Revenue Bonds, Series A and B, dated October 1, 1971 (the "Prior Bonds").

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 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 Bonds of this issue, the Subordinate Bonds, the Prior Bonds and all other obligations prior to or on a parity with the Bonds of this issue or the Subordinate Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement (as defined in the Ordinance) is on deposit in the Reserve Account (as defined in the Ordinance), an amount at least equal to the Supplemental Reserve Requirement (as defined in the Ordinance) is on deposit in the Supplemental Reserve Account (as defined in the Ordinance), the reserve account for the Prior Bonds is funded at least at the requirement therefor and the reserve account for any obligation prior to or on a parity with the Bonds of this issue is funded at least at the requirement 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 interest on the Bonds of this issue, the Subordinate Bonds, the Prior Bonds and any obligations prior to or on a parity with the Bonds of this issue. The Town has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Ordinance. Remedies provided the registered owner of this Bond 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 Kanawha Valley Bank, N.A., or any designated successor as registrar (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 provisions of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts 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, 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; provided that such lien on moneys deposited in the Bond Construction Trust Fund created by the Ordinance shall be subordinate to that of the registered owners 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 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 and attested by its Recorder, and has caused this Bond to be dated March 25, 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.

KANAWHA VALLEY BANK, N.A.  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

Dated: \_\_\_\_\_

## EXHIBIT A

## SCHEDULE OF ANNUAL DEBT SERVICE

TABLE III

TOWN OF CHAPMANVILLE  
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Zero Coupon Bonds
1986	2,493.50
1987	2,493.50
1988	2,493.50
1989	2,493.50
1990	2,493.50
1991	2,493.50
1992	2,493.50
1993	2,493.50
1994	2,493.50
1995	2,493.50
1996	2,493.50
1997	2,493.50
1998	2,493.50
1999	2,493.50
2000	2,493.50
2001	2,493.50
2002	2,493.50
2003	2,493.50
2004	2,493.50
2005	2,493.50
2006	2,493.50
2007	2,493.50
2008	2,493.50
2009	2,493.50
2010	2,493.50
2011	2,493.50
2012	2,493.50
2013	2,493.50
2014	2,493.50
2015	2,493.50
2016	2,493.50
2017	2,493.50
2018	2,493.50
2019	2,493.50
2020	2,493.50
2021	2,493.50
2022	2,493.50
2023	2,493.50
2024	2,493.50
2025	2,493.50
	99,740.00

Smith Barney, Harris Upham & Co.  
Incorporated

January 24, 1986

[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:

\_\_\_\_\_

"SPECIMEN"



# JACKSON, KELLY, HOLT & O'FARRELL

(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)

## ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

MORGANTOWN OFFICE  
618 MONONGAHELA BUILDING  
MORGANTOWN, WEST VIRGINIA 26505  
TELEPHONE 304-292-7311

LOUISVILLE OFFICE  
10100 LINN STATION ROAD  
LOUISVILLE, KENTUCKY 40223  
TELEPHONE 502-425-3055

LEXINGTON OFFICE  
2365 HARRODSBURG ROAD  
LEXINGTON, KENTUCKY 40504  
TELEPHONE 606-223-3080

OWENSBORO OFFICE  
255 ST. ANN STREET  
OWENSBORO, KENTUCKY 42301  
TELEPHONE 502-926-8332

March 25, 1986

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to the Town of Chapmanville, West Virginia (the "Governmental Agency"), a municipal corporation created and existing under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated February 20, 1986, as to the West Virginia Water Development Authority (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of subordinate revenue bonds of the Governmental Agency, dated March 25, 1986 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$200,260, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1986, at the respective rate and with principal payable in installments on October 1 in each of the years 1986 through 2025, inclusive, all as set forth in Exhibit A incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purpose of acquiring and constructing certain extensions, additions, betterments and improvements to the combined waterworks and sewerage system of said Town of Chapmanville, and paying certain issuance and other costs in connection therewith.

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development  
Authority  
March 25, 1986  
Page 2

We have also examined the applicable provisions of Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond ordinance (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing municipal corporation created and existing under the laws of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Local Bonds.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a second lien on and pledge of the net revenues of

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development  
Authority  
March 25, 1986  
Page 3

said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Local Bonds, as provided in the Local Act. The Local Bonds are junior and subordinate to the Town of Chapmanville Combined Waterworks and Sewerage System Revenue Bonds, Series A and B, dated October 1, 1971.

7. The Local Bonds are, by statute, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and the interest on the Local Bonds is exempt from personal income taxes imposed directly thereon by the State of West Virginia, 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 exempt from federal income taxation.

We have reviewed the provisions of H.R. 3838, the "Tax Reform Act of 1985" as passed by the U. S. House of Representatives on December 17, 1985, and a "Joint Statement" on the effective dates of pending tax reform legislation (the "Joint Statement") of the Chairman and Ranking Members of both the Ways and Means Committee of the U. S. House of Representatives and the Finance Committee of the U. S. Senate, together with the Secretary of the U. S. Treasury Department dated March 14, 1986. In our opinion, if H.R. 3838 is enacted into law in the form passed by the House of Representatives on December 17, 1985, and such law reflects a postponement of effective date to the extent endorsed in the Joint Statement, interest on the Bonds will continue to be exempt from federal income taxation under such law, except that with respect to property and casualty insurance companies such interest may be included in an alternative calculation of taxable income.

No opinion is given herein as to the enforceability of remedies with respect to the Local Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors rights.

We have examined executed 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,

*Jackson, Kelly, Holt & O'Farrell*



# JACKSON, KELLY, HOLT & O'FARRELL

(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)

## ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

LEXINGTON OFFICE

2385 HARRODSBURG ROAD

LEXINGTON, KENTUCKY 40504

TELEPHONE 606-223-3080

OWENSBORO OFFICE

255 ST. ANN STREET

OWENSBORO, KENTUCKY 42301

TELEPHONE 502-926-8332

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618 MONONGAHELA BUILDING  
MORGANTOWN, WEST VIRGINIA 26505  
TELEPHONE 304-292-7311

LOUISVILLE OFFICE  
10100 LINN STATION ROAD  
LOUISVILLE, KENTUCKY 40223  
TELEPHONE 502-425-3055

March 25, 1986

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to the Town of Chapmanville, West Virginia (the "Governmental Agency"), a municipal corporation created and existing under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated February 20, 1986, as to the West Virginia Water Development Authority (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated March 25, 1986 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$99,740, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments of \$2,493.50 on October 1 in each of the years 1986 through 2025, inclusive.

The Supplemental Loan Agreement is supplemental to a loan agreement dated February 20, 1986, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development  
Authority  
March 25, 1986  
Page 2

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of acquiring and constructing certain extensions, additions, betterments and improvements to the combined waterworks and sewerage system of said Town of Chapmanville, and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond ordinance (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental 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 Supplemental 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 Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

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

3. The Governmental Agency is a duly organized and presently existing municipal corporation created and existing under the laws of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development

Authority

March 25, 1986

Page 3

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a third lien on and pledge of the net revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds and the Town of Chapmanville Combined Waterworks and Sewerage System Revenue Bonds, Series A and B, dated October 1, 1971.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, by statute, 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 enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors rights.

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

Very truly yours,

*Jackson, Kelly, Holt & O'Farrell*



# JACKSON, KELLY, HOLT & O'FARRELL

(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)

## ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

MORGANTOWN OFFICE  
618 MONONGAHELA BUILDING  
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TELEPHONE 304-292-7311

LOUISVILLE OFFICE  
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LEXINGTON, KENTUCKY 40504  
TELEPHONE 606-223-3080

OWENSBORO OFFICE  
255 ST. ANN STREET  
OWENSBORO, KENTUCKY 42301  
TELEPHONE 502-926-8332

March 25, 1986

Town Council  
Town of Chapmanville  
Chapmanville, West Virginia 25508

Re: Town of Chapmanville, West Virginia  
\$200,260 Subordinate Waterworks and  
Sewerage System Revenue Bonds,  
Series 1986

\$99,740 Supplemental Subordinate  
Waterworks and Sewerage System  
Revenue Bonds, Series 1986

Gentlemen:

We have examined a record of proceedings relating to the issuance of the Town of Chapmanville Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Bonds"), in the principal amount of \$200,260 and \$99,740, respectively, of the Town of Chapmanville, West Virginia (the "Town"), a municipal corporation organized and existing under the laws of the State of West Virginia.

In connection with such examination, we have reviewed the certification of even date herewith of Jerome Dingess, Mayor of the Town, relating to the expectation that the proceeds of the issuance of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and in effect on the date hereof.

Based upon our examination of law and review of such certification, it is our opinion that the Bonds will not be "arbitrage bonds" for the purposes of Section 103(c) and Sections 1.103-13, 1.103-14 and 1.103-15 of the Treasury Regulations under the Internal Revenue Code of 1954, as amended.

JACKSON, KELLY, HOLT & O'FARRELL

Town Council  
March 25, 1986  
Page 2

No matters have come to our attention which in our opinion make unreasonable or incorrect the representations made in such certification.

Very truly yours,

*Jackson, Kelly, Holt & O'Farrell*



**BERNARD L. SPAULDING**

ATTORNEY AT LAW  
SEARS BUILDING - MAIN STREET  
LOGAN, WEST VIRGINIA 25601

P.O. BOX 957

TELEPHONE 752-4950  
AREA CODE 304

March 25, 1986

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, WV 25064

Jackson, Kelly, Holt & O'Farrell  
P. O. Box 553  
Charleston, WV 25322

Re: Town of Chapmanville, West Virginia,  
\$200,260 Subordinate Waterworks and  
Sewerage System Revenue Bonds, Series  
1986 and \$99,740 Supplemental Subordin-  
ate Waterworkds and Sewerage System  
Revenue Bonds, Series 1986

Ladies and Gentlemen:

I am Counsel to the Town of Chapmanville, West Virginia (the "Town"). As such counsel, I have examined copies of the approving opinions of Jackson, Kelly, Holt & O'Farrell, as bond counsel, relating to the above-captioned bonds, and accepted by the Town, the Loan Agreement and Supplemental Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the Town, both dated February 20, 1986, and a Bond Ordinance enacted by the Town on March 10, 1986, as supplemented by a Supplemental Resolution adopted March 24, 1986, (collectively, the "Ordinance"), and other documents relating to the above-captioned Bonds of the Town. Terms used in said opinions, the Loan Agreement, Supplemental Loan Agreement and Ordinance and not otherwise defined herein have the same meanings herein.

West Virginia Water Development Authority  
Jackson, Kelly, Holt & O'Farrell  
March 25, 1986  
Page 2

I am of the opinion that:

1. The Loan Agreement and Supplemental Loan Agreement have been duly authorized, executed and delivered by the Town and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of Town in accordance with their terms.

2. The members of the Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the Town.

3. The Ordinance has been duly enacted by the Town and is in full force and effect.

4. The Town has obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the above-captioned Bonds, construction of the Project and imposition of rates and charges and has taken any and all other action required for the imposition of such rates and charges.

5. The Town has enacted a Rate Ordinance effective January 2, 1986, whereby the rates charged to the users of the Town's water system were increased so as to meet the coverage requirements on the Bonds. Under the terms of the Act, the Town has full authority to establish rates and to pledge the revenues from said rates to the payment of the Bonds.

6. The execution and delivery of the Bonds and the Loan Agreement and Supplemental Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Town a breach of or default under any agreement or other instrument to which the Town is a party or any existing law, regulation, court order or consent decree to which the Town is subject.

West Virginia Water Development Authority  
Jackson, Kelly, Holt & O'Farrell  
March 25, 1986  
Page 3

7. The Town has received all the necessary permits, licenses, approvals and authorizations that are presently obtainable to construct the Project.

8. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds.

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

Very truly yours,



Bernard L. Spaulding  
Counsel to Town of Chapmanville