

**\$757,533 TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1992**

Closing Date: October 23, 1992

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 653

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

340-1318

November 20, 1992

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

250 CHARLES STREET
SISTERSVILLE, WEST VIRGINIA 26175
TELEPHONE 304-652-5541

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

1701 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20006
TELEPHONE 202-856-7680

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6088

Mr. R. Witter Hallan
Executive Director
West Virginia Municipal Bond Commission
Bldg. 3, Rooms 337-342
Capitol Complex
Charleston, WV 25305

RE: \$757,533 Town of Chapmanville Waterworks and
Sewerage System Revenue Bonds, Series 1992

Dear Witter:

Enclosed please find the West Virginia Municipal Bond Commission's copy of the transcript of closing documents with respect to the above-referenced financing. Please contact me at 340-1318 if you have questions with respect to the enclosed.

Best wishes.

Very truly yours,



Samme L. Gee

SLG/tfh

Enclosure

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\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

Closing: October 23, 1992

TRANSCRIPT OF PROCEEDINGS

I. Authorizing Documents

INDEX

1.1	Certified copy of Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended.	1
1.2	Copy of the Charter of the Town of Chapmanville, West Virginia (the "Town").	2
1.3	Rules of Order and Procedure adopted by the Council of the Town (the "Council").	3
1.4	Oaths of office of Mayor, Recorder, and Council Members.	4
1.5	Rate Ordinance.	5
1.6	Minutes of Council meeting held March 12, 1992, regarding passage of Rate Ordinance.	6
1.7	Minutes of Council meeting held August 13, 1992 regarding first reading of the Amendatory and Supplemental Bond and Note Ordinance.	7
1.8	Amendatory and Supplemental Bond and Note Ordinance (the "Ordinance") passed by the Council on August 20, 1992.	8
1.9	Minutes of meeting held by Council on August 20, 1992 regarding second reading and passage of the Ordinance, and passage of Resolution with respect to abstract and public hearing.	9
1.10	Resolution adopted by Council on August 20, 1992, authorizing publication of an abstract and notice of the Ordinance.	10
1.11	Resolution adopted by Council on September 10, 1992, putting the Ordinance into effect.	11

1.12	Minutes of the September 10, 1992, meeting of Council wherein the Resolution putting the Ordinance into effect was adopted.	12
1.13 (a)	Affidavit of publication of the abstract and notice of the Ordinance published in <u>The Logan Banner</u> .	
(b)	Affidavit of publication of the abstract and notice of the Ordinance published in <u>The Guyandotte Voice</u> .	13
1.14	Loan Agreement, dated September 21, 1992.	14
1.15	Supplemental Resolution, dated October 8, 1992, authorizing sale of the above-referenced Bonds.	15
1.16	Minutes of the October 8, 1992 meeting of Council wherein the Supplemental Resolution was adopted.	16
1.17	Copy of the Public Service Commission Final Order granting the Town a Certificate of Convenience and Necessity dated September 24, 1992.	17
1.18	Grant Letters.	18

II. Certificates and Receipts

2.1	General Certificate signed by the Mayor, Recorder and Attorney of the Town.	19
2.2	Certificate of Recorder as to Truth and Accuracy of Documents Delivered.	20
2.3	Certificate as to Non-Arbitrage.	21
2.4	Certificate of Consulting Engineer.	22
2.5	(a) Certificate of Accountant as to Coverage.	
	(b) Certificate of Accountant as to Parity Test.	23
2.6	Registrar's Agreement.	24
2.7	Acceptance of Duties of Depository Bank.	25

2.8	Request and Authorization as to Authentication and Delivery of the Bonds.	26
2.9	Certificate of Registration of Bonds.	27
2.10	Receipt for Bonds.	28
2.11	Receipt for Bond Proceeds.	29
2.12	NPDES Permit (cover page).	30
2.13	IRS Form 8038-G.	31
2.14	Municipal Bond Commission New Issue Form.	32
2.15	Consent of West Virginia Water Development Authority.	33

III. Opinions

3.1	Opinion of Jackson & Kelly, Bond Counsel, regarding Bonds dated October 23, 1992.	34
3.2	Opinion as to Arbitrage, dated October 23, 1992.	35
3.3	Opinion of Counsel to Town, dated October 23, 1992.	36

The closing of the sale of \$757,533 in aggregate principal amount of the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "Bonds"), will take place at the office of the West Virginia Water Development Authority at 10:00 a.m. prevailing time on October 23, 1992. The pre-closing was held at 10:30 a.m. on October 21, 1992. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless or until all transactions are complete and all documents delivered.

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CERTIFICATE

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

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST VIRGINIA CODE AND CHAPTER 8, ARTICLE 20 OF THE 1992 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

Thirteenth day of
October 1992



Ken Heckler
Secretary of State.

MUNICIPAL CORPORATIONS*

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

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

- Sec.
8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.
8-20-1a. Cooperation with other governmental units.
8-20-1b. Severance of combined system.

Part II. Right of Eminent Domain.

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

Part III. Revenue Bond Financing.

- 8-20-3. Ordinance describing project; contents.
8-20-4. Publication of abstract of ordinance and notice; hearing.
8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.
8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.
8-20-7. Lien of bondholders.
8-20-8. Covenants with bondholders.
8-20-9. Operating contract.
8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates or charges; change in rates or charges; notice of delin-

- Sec.
quency; failure to cure delinquency; delinquent rates or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.
8-20-11. Discontinuance of water service for nonpayment of rates or charges.
8-20-12. Use of revenues; sinking fund.
8-20-13. System of accounts; audit.
8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.
8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

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

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

Part V. Operation by Board; Construction.

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

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Legislative intent. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated

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

PART I. COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED;
DEFINITIONS.

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

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

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

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

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

§ 8-20-1a

MUNICIPAL CORPORATIONS

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; and the term "combined waterworks and sewerage system" shall be construed to mean and include a waterworks and sewerage system, which a municipality determines by ordinance to operate in combination. (1939, c. 98, §§ 1, 2; 1947, c. 112; 1955, c. 131; 1969, c. 86.)

Plant expansion or repair. — Considering the general grant of authority provided by § 8-12-5(32) there is no language in this article that would prevent a municipality from granting funds to its combined waterworks and sewerage system to be used for plant expansion or repair. What this section does say, however, is that if the municipality wishes to finance any of the activities governed by the article, it must do so by revenue bonds or by loans or advances under § 8-20-16. Op. Att'y Gen., April 3, 1979.

Power of eminent domain. — Municipalities that operate sewer systems may exercise the power of eminent domain. When such a municipality is obliged to exercise that power in furtherance of its public responsibility, but refuses to do so, the public service commission may require the exercise of the power by appropriate order. *Broadmoor/Timberline Apts. v. Public Serv. Comm'n*, 376 S.E.2d 593 (W. Va. 1988).

§ 8-20-1a. Cooperation with other governmental units.

In carrying out any lawful purpose prescribed by this article, any municipality may, in the exercise of its powers, duties and responsibilities, cooperate or join with the State of West Virginia or any political subdivision, agency, board, commission, office or department thereof, however designated, or with the United States of America or any agency or department thereof. (1976, c. 83.)

§ 8-20-1b. Severance of combined system.

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

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

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined waterworks and sewerage system, or any part thereof, are outstanding, then the municipality must provide in said ordinance (i) that the severance of the combined waterworks and sewerage system is not effective until all such outstanding revenue bonds or notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and (ii) the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

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

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

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

(c) If the combined waterworks and sewerage system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of such committee, board or commission, and the creation of such other committees, boards or commissions as may be required by law. (1986, c. 118.)

PART II. RIGHT OF EMINENT DOMAIN.

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

For the purpose of acquiring, constructing, establishing or extending any waterworks system or any sewerage system, or a combined waterworks and sewerage system, or for the purpose of constructing any additions, betterments or improvements to any such waterworks or sewerage system, or a combined waterworks and sewerage system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any waterworks or sewerage system, or combined waterworks and sewerage system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four [§ 54-1-1 et seq.] of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system shall not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of said municipality a municipal waterworks system or a combined waterworks and sewerage system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined waterworks and sewerage system in such municipality or within the proposed extension of such system, unless a certificate of public convenience and necessity therefor shall have been issued by the public service commission. (1947, c. 112; 1969, c. 86.)

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PART III. REVENUE BOND FINANCING.

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

The governing body of any municipality availing itself of the provisions of this article shall adopt an ordinance describing in a general way the contemplated project. If it is intended to include in the combined waterworks and sewerage system any existing waterworks system or any existing sewerage system, or both, such ordinance shall provide that it or they be so included in such combined system and shall describe in a general way such existing waterworks or sewerage system or both to be included in the combined waterworks and sewerage system. Such ordinance shall state the means provided for refunding any obligations unpaid and outstanding payable solely from the revenues of any such waterworks or sewerage system, or both. Such ordinance shall determine the period of usefulness of the contemplated project. If it is intended to acquire, construct, establish and equip a combined waterworks and sewerage system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, the ordinance shall describe in a general way the works or property or system to be acquired, constructed, established or equipped or the extensions, additions, betterments and improvements to be constructed. Such ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with such bonds deemed advisable. Such ordinance may state that the bonds, or such ones thereof as may be specified, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1939, c. 98, § 4; 1947, c. 112; 1949, c. 91; 1969, c. 86.)

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

After the ordinance for any project under the provisions of this article has been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be such municipality. The notice to be published with said abstract of the ordinance shall state that said ordinance has been adopted, that the municipality contemplates the issuance of the bonds described in the ordinance, that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication of such abstract and notice, and present protests and that a certified copy of the ordinance is on file

with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of said governing body assent thereto. (1939, c. 98, § 5; 1947, c. 112; 1967, c. 105; 1969, c. 86; 1971, c. 103; 1981, 1st Ex. Sess., c. 2.)

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

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any such waterworks or sewerage system, or a combined waterworks and sewerage system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to either the waterworks or sewerage system of said combined waterworks and sewerage system, or both, any such municipality may issue revenue bonds under the provisions of this article. All such bonds may be authorized, issued and sold pursuant to ordinance in installments at different times or an entire issue or series may be sold at one time. Such bonds shall bear interest at a rate not to exceed twelve percent per annum, payable at such times, and shall mature within the period of usefulness of the project involved, to be determined by the governing body and in any event within a period of not more than forty years. Such bonds may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment, at such place or places, may be subject to such terms of redemption, with or without a premium, may be declared to become due before the maturity date thereof, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, may be authenticated in such manner and upon compliance with such conditions, and may contain such other terms and covenants, as may be provided by ordinance of the governing body of the municipality. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all such bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes. Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with said combined waterworks or sewerage system, and all the moneys, revenues and other income of such municipality derived from such combined waterworks and sewerage system shall be exempt from all taxation by this State or any county, municipality, political subdivision or agency thereof. Such bonds may be sold in such manner as the governing body shall determine. If any such bonds shall be issued to bear interest at a rate of twelve percent per annum, the price at which they may be sold shall be such that the

§ 8-20-5

MUNICIPAL CORPORATIONS

interest cost of such municipality of the proceeds of such bonds shall not exceed thirteen percent per annum computed to maturity according to the standard table of bond values. If the governing body of the municipality determines to sell any revenue bonds of such combined waterworks and sewerage system for refunding purposes, the proceeds of such bonds shall be deposited at the place of payment of the bonds, obligations or securities being refunded thereby. In case any officer whose signature appears on such bonds or coupons attached thereto shall cease to be such officer before the delivery of the bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes, with the same effect as if he had remained in office until the delivery of the bonds. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. Such bonds shall have all the qualities of negotiable instruments under the laws of this State.

Whenever a waterworks and sewerage system is included in a combined waterworks and sewerage system under the provisions of this article and there are unpaid and outstanding revenue bonds or any other obligations or securities previously issued which are payable solely from the revenues of such waterworks or such sewerage system or any part thereof, such outstanding bonds, obligations or securities may be refunded by the issuance and sale or exchange therefor of revenue bonds to be issued under the provisions of this article. Whenever any outstanding bonds, obligations or securities previously issued which are payable solely from the revenues of any waterworks or sewerage system included in a combined waterworks and sewerage system under the provisions of this article are refunded and the refunding is to be accomplished by exchange, such outstanding bonds, obligations or securities shall be surrendered and exchanged for revenue bonds of such combined waterworks and sewerage system of a total principal amount which shall not be more and may be less than the principal amount of the bonds, obligations or securities surrendered and exchanged plus the interest to accrue thereon to the date of surrender and exchange, and if the refunding is to be accomplished through the sale of revenue bonds of such combined waterworks and sewerage system the total principal amount of such revenue bonds which may be sold for refunding purposes shall not exceed the principal amount of the bonds, obligations or securities being refunded plus the interest to accrue thereon to the retirement date or the next succeeding interest payment date, whichever date may be earlier. Provision may be made that each bond to be exchanged for refunding bonds shall be kept intact and shall not be canceled or destroyed until the refunding bonds, and interest thereon, have been finally paid and discharged: but each such bond shall be stamped with a legend to the effect that the same has been refunded pursuant to the provisions of this article. (1939, c. 98, § 3; 1947, c. 112; 1957, c. 123; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

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

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from the combined waterworks and sewerage system, and such bonds shall not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of such municipality within any constitutional or statutory provision or limitation. The ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be deemed necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued. (1939, c. 98, § 6; 1969, c. 86.)

§ 8-20-7. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined waterworks and sewerage system which shall exist in favor of the holder of bonds hereby authorized to be issued, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such combined waterworks and sewerage system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

Any municipality in acquiring an existing waterworks system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section five [§ 8-20-5] hereof. Any revenue bonds so issued in payment for such an existing waterworks system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired; and the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, such remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86.)

§ 8-20-8. Covenants with bondholders.

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

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

§ 8-20-8

MUNICIPAL CORPORATIONS

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

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

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

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

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

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

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

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

Any such ordinance or trust indenture may also contain such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the Constitution of this State. (1955, c. 131; 1969, c. 86.)

§ 8-20-9. Operating contract.

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

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates or charges; change in rates or charges; notice of delinquency; failure to cure delinquency; delinquent rates or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

(a) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined waterworks and sewerage system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure and the sewerage harmless insofar as it is reasonably possible so to do, and any such

§ 8-20-10

MUNICIPAL CORPORATIONS

municipality shall have plenary power and authority to charge the users for the use and service of such combined waterworks and sewerage system and to establish rates or charges for such purpose. Separate rates or charges may be fixed for the water and sewer services respectively or combined rates or charges for the combined water and sewer services. Such rates or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined waterworks and sewerage system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates and charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid: Provided, That in the event the user is a tenant, the property owner shall be given notice of any said delinquency by certified mail, return receipt requested, and the user shall be given such notice by first-class mail: Provided, however, That failure of the user to cure the delinquency within a thirty-day period after receipt of such notice shall constitute grounds to terminate user's lease of the premises concerned.

(c) All rates or charges for water service and sewer service whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for such services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That a municipality shall have exhausted all remedies available in magistrate courts against such delinquent users before it may proceed in a civil action against the owner.

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

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies

COMBINED WATERWORKS AND SEWERAGE SYSTEMS § 8-20-13

prior to the bringing of such action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133.)

Effect of amendment of 1989. — The second paragraphs as (a) and (c), respectively; amendment designated the former first and added (b), (d) and (e); and rewrote (c).

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

Any such municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water service of said combined waterworks and sewerage system for the nonpayment of the rates or charges for said water service or sewer service, or both. (1955, c. 133; 1969, c. 86.)

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

All revenues derived from the operation of any combined waterworks and sewerage system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any such bonds are issued shall pledge the revenues derived from the combined waterworks and sewerage system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118.)

§ 8-20-13. System of accounts; audit.

Any municipality operating a combined waterworks and sewerage system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from such combined waterworks and sewerage system and the application of the same. At least once each year such municipality shall cause such accounts to be properly audited,

§ 8-20-14

MUNICIPAL CORPORATIONS

and a report of such audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86.)

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

Whenever a municipality collects rates or charges from users of any part of a sewerage system located outside the corporate limits of such municipality for sewerage service rendered to such users, pursuant to the provisions of this article or other act or law, such municipality shall be responsible for the repair and maintenance of such sewerage system and the county court [county commission] of the county or counties in which such sewerage system is located shall not be liable or responsible for the repair and maintenance of such sewerage system. (1957, c. 127; 1969, c. 86.)

Editor's notes. — The bracketed words were inserted by the editor. See W. Va. Const., art. IX, § 9.

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

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section seven [§ 8-20-7] of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any such ordinance or trust indenture to be performed by the municipality or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates or charges for services rendered by the combined waterworks and sewerage system. If there be default in the payment of the principal or interest upon any of such bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said combined waterworks and sewerage system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and such receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which such bonds have been issued or trust indenture, or both. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86.)

PART IV. GRANTS, LOANS AND ADVANCES; CUMULATIVE AUTHORITY.

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

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

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 106; 1969, c. 86; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

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

This article shall, without reference to any other statute or charter provision, be deemed full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined waterworks and sewerage system herein provided for and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any such undertaking or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to any such undertaking or to

This article shall be construed as cumulative authority for any undertaking herein authorized, and shall not be construed to repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86.)

PART V. OPERATION BY BOARD; CONSTRUCTION.

§ 8-20-18. Alternative procedure for acquisition, construction, etc., of combined waterworks and sewerage system.

(a) As an alternative to the procedure hereinabove provided, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined waterworks and sewerage system or to construct, maintain and operate additions, betterments and improvements thereto, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or of a portion of the governing body, or of a board or commission appointed by such governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§ 8-16-1 et seq.] of this chapter.

(b) In the event that the waterworks or sewerage system or both are in existence prior to the creation of the combined waterworks and sewerage system, and the waterworks or sewerage system or both are supervised and controlled by a committee, board or commission, and the alternative provided for in subsection (a) of this section is to be followed with respect to the supervision and control of the combined waterworks and sewerage system, the governing body may by ordinance, after the creation of the combined waterworks and sewerage system, provide (1) the manner of and procedure for transferring such supervision and control from each such separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined waterworks and sewerage system, or (2) the manner of and procedure for combining each such separate committee, board or commission into one committee, board or commission and transferring thereto such supervision and control as aforesaid. (1961, c. 104; 1969, c. 86.)

WEST VIRGINIA CODE

ANNOTATED

VOLUME 3

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**Including Acts passed during the 1992 Regular Session and
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Under the Supervision of

ADRIAN D. KOWALSKY
DEBORAH S. TUSSEY
HENRY W. TAYLOR
BRYAN L. KAY
EDITH M. MAWYER

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§ 8-19-20

MUNICIPAL CORPORATIONS

native is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen (§ 8-16-1 et seq.) of this chapter. (1961, c. 104; 1969, c. 86; 1978, c. 72; 1990, c. 141.)

Revision of article. — See note under the same catchline at the beginning of this article.

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

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86; 1990, c. 141.)

Revision of article. — See note under the same catchline at the beginning of this article.

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

Part III. Revenue Bond Financing.

Sec. 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates or charges; change in rates or charges; failure to cure

delinquency; delinquent rates or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

PART III. REVENUE BOND FINANCING.

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

(a) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined waterworks and sewerage system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and conve-

COMBINED WATERWORKS AND SEWERAGE SYSTEMS § 8-20-10

nience and to rendering the water supply of such municipality pure and the sewerage harmless insofar as it is reasonably possible so to do, and any such municipality shall have plenary power and authority to charge the users for the use and service of such combined waterworks and sewerage system and to establish rates or charges for such purpose. Separate rates or charges may be fixed for the water and sewer services respectively or combined rates or charges for the combined water and sewer services. Such rates or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined waterworks and sewerage system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates or charges shall be changed from time to time as needed, consistent with the provisions of this article.

(b) Whenever any rates and charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the user shall be held liable at law until such time as all such rates and charges are fully paid.

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

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

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of such action. In no event shall foreclosure procedures

be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140.)

Effect of amendment of 1990. — The amendment, in (b), deleted "property and the owner thereof, as well as the" preceding "user of," substituted "the user shall" for "the owner, user and property shall," and deleted the former two provisions at the end; and in (c), rewrote the provision.

ARTICLE 22.

RETIREMENT BENEFITS GENERALLY; POLICE-MEN'S PENSION AND RELIEF FUND; FIRE-MEN'S PENSION AND RELIEF FUND; PENSION PLANS FOR EMPLOYEES OF WATERWORKS SYSTEM, SEWERAGE SYSTEM OR COMBINED WATERWORKS AND SEWERAGE SYSTEM.

Part II. General Retirement Systems for Class I, II and III Cities.	Sec. 8-22-24. Disability pensions.
8-22-13. Reports by board of trustees.	8-22-26. Death benefits.
Part III. Policemen's Pension and Relief Fund.	8-22-26a. Supplemental pension benefits entitlement; benefit payable; application of section; construction.
8-22-16a. Legislative findings.	8-22-27. General provisions concerning disability pensions, retirement pensions and death benefits.
8-22-20. Minimum standards for actuarial soundness.	

PART II. GENERAL RETIREMENT SYSTEMS FOR CLASS I, II AND III CITIES.

§ 8-22-13. Reports by board of trustees.

The board of trustees for each retirement fund shall have regularly scheduled actuarial valuation reports prepared by a qualified actuary.

An actuarial valuation report shall be prepared at least once every five years commencing with the later of (1) the first day of July, one thousand nine hundred eighty-seven, or (2) five years following the most recently prepared actuarial valuation report.

For purposes of this section the term "qualified actuary" means only an actuary who is a member of the society of actuaries or the American academy of actuaries. The qualified actuary shall be designated a fiduciary and shall discharge his duties with respect to a fund solely in the interest of the members and members' beneficiaries of that fund. In order for the standard of this section to be met, the qualified actuary shall certify that the actuarial valuation report is complete and accurate and that in his opinion the technique and

assumptions used are reasonable and meet the requirements of this section of this article.

The board of trustees shall submit to the governing body an annual report showing the condition of the fund under its control. It shall certify in such report the amount of accumulated cash and securities in the fund and shall present a full account of the operation of the system. (1947, c. 114; 1969, c. 86; 1987, c. 93; 1990, c. 167.)

Effect of amendment of 1990. — The amendment, effective March 9, 1990, substituted "five years" for "three years" twice in the second paragraph.

PART III. POLICEMEN'S PENSION AND RELIEF FUND; FIREMEN'S PENSION AND RELIEF FUND.

§ 8-22-16a. Legislative findings.

The Legislature finds that prudence often dictates a review of well meaning actions previously taken. The Legislature further finds that implementation of the cost of living benefit enacted during the one thousand nine hundred ninety regular legislative session would be disadvantageous to members of the municipal policemen and firemen pension funds and municipal budgets due to the large cost associated with that benefit and that this fact was unknown at the time of enactment of the cost of living benefit. The Legislature further finds that the fiscal integrity of the various municipal policemen and firemen pension funds will be in extreme jeopardy if an alternative benefit is not enacted. The Legislature further finds that maintenance of an actuarially sound pension system is incumbent upon the administrators of the various funds and is also incumbent upon the Legislature when it enacts changes to the benefit structure. The Legislature further finds that the implementation of the cost of living benefit enacted in the one thousand nine hundred ninety regular legislative session would prevent the maintenance of an actuarially sound pension system and would jeopardize the interests of the members of the retirement funds, therefore, it is necessary to amend the cost of living benefit as previously enacted. (1991, c. 112.)

Effective dates. — Acts 1991, c. 112 provided that the act take effect March 9, 1991.

§ 8-22-20. Minimum standards for actuarial soundness.

The board of trustees for each pension and relief fund shall have regularly scheduled actuarial valuation reports prepared by a qualified actuary. All of the following standards must be met:

(a) An actuarial valuation report shall be prepared at least once every three years commencing with the later of (1) the first day of July, one thousand nine hundred eighty-three, or (2) three years following the most recently prepared actuarial valuation report. Provided, That this most recently prepared actuarial valuation report meets all of the standards of this section.

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 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 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 8° 35' W 80 feet to a stake on the left (West) bank of Peter Fry Branch; thence up Peter Fry Branch N 48° E 455 feet to a stake; thence S 50° 30' E 2300 feet to a stake; thence S 11° 20' W 715 feet across the County road to a stake; thence S 46° 45' E 785 feet across the Kanawha Branch of the Guyandotte River to a stake; thence S 0° 30' W 1650 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 75° 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 505 feet across said river to the place of beginning, comprising an area of 226.6 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 8, 1947.

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

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

Ernest Dent
Ernest Dent

George S. Chapman
George S. Chapman

J. W. Barker
J. W. Barker

INCORPORATION

... under the seal of the State of West Virginia, this day filed, showing that a majority of all the qualified electors of the County of Logan, West Virginia, have voted 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 5 of the Code of West Virginia (Michie, 1943) have been complied with by the applicants for said incorporation, said town is a local corporation 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.

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 2200 feet to a stake; thence E 11° 20' W 716 feet across the county road to a stake; thence E 46° 46' W 796 feet across the Kanawha Branch of the Guyandotte River to a stake; thence S 0° 30' W 1000 feet across the Fewler Branch of the said river to a stake; thence S 71° 48' W 855 feet to a stake; thence S 20° 30' W 600 feet to a stake; thence S 75° 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 S 18° 45' W 790 feet to a stake on the East bank of said river; thence N 26° 30' E 1800 feet to a stake on the East bank of said river to the Crawley Creek road; thence N 20° W 1000 feet across said river and along the South side of the said Crawley Creek road to a stake; thence N 61° 45' W 1100 feet across the said Crawley Creek road to a stake on the South bank at the bend of said river; thence E 80° 30' E 750 feet to a stake on the South bank at the bend of said river; thence N 70° 30' E 903 feet across said river to the place of beginning, comprising an area of 226.6 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 5 of the Code of West Virginia (Michie, 1943) have been complied with by the applicants for said incorporation, said town is a local corporation 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. Dingess

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

By Tilda Tellez Deputy

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

CHAPTER ONE

General Provisions

Sec. 1-1 How ordinances designated and cited

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

Sec. 1-2 Definitions and rules of construction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Real property shall include lands, tenements and hereditaments.

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

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

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

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

Street. The word "street" shall include avenues, boulevards, highways, roads, alleys, lanes, viaducts, bridges, and the approaches thereto and all other public thoroughfares in the town, and shall mean the entire width thereof between abutting property lines; it shall be construed to include a sidewalk or 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.

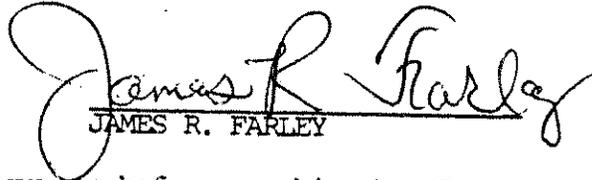
Article 3. Town Owned Vehicles and Mobile Equipment.

Sec. 1--Display name of Town

All town-owned motor vehicles and mobile equipment shall

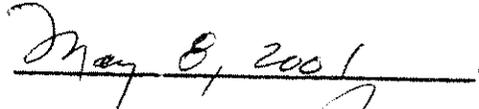
STATE OF WEST VIRGINIA,
COUNTY OF LOGAN, TO-WIT:

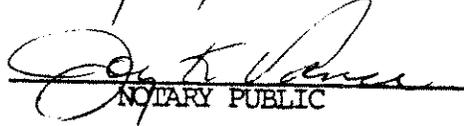
I, JAMES R. FARLEY, do hereby solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties as a member of the Council of the Town of Chapmanville, West Virginia, to the best of my skill and judgment, so help me God.


JAMES R. FARLEY

Taken, subscribed and sworn to before me this the 27th day of June, 1991.

My commission expires:


May 8, 2001


NOTARY PUBLIC

I certify that the above is a true and correct copy of the original.

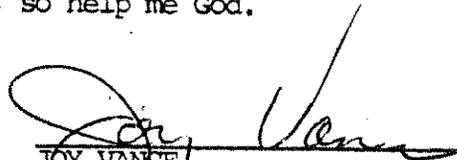
Dated this the 27th day of June, 1991.


RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, JOY VANCE, do hereby solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the Office of Mayor of the Town of Chapmanville, West Virginia, to the best of my skill and judgment, so help me God.


JOY VANCE

Taken, subscribed and sworn to before me this the 27th day of June, 1991.

My commission expires: March 9, 1998


NOTARY PUBLIC

I certify that the above is a true and correct copy of the original.

Dated this the 27th day of June, 1991.


RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,
COUNTY OF LOGAN, TO-WIT:

I, DALE L. SIMMONS, do hereby solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties as a member of the Council of the Town of Chapmanville, West Virginia, to the best of my skill and judgment, so help me God.


DALE L. SIMMONS

Taken, subscribed and sworn to before me this the 27th day of June, 1991.

My commission expires:

May 8, 2001

NOTARY PUBLIC

I certify that the above is a true and correct copy of the original.

Dated this the 27th day of June, 1991.


RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, CLAUDE WORKMAN, do hereby solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the Office of Recorder of the Town of Chapmanville, West Virginia, to the best of my skill and judgment, so help me God.

Claude Workman
CLAUDE WORKMAN

Taken, subscribed and sworn to before me this the 27th day of June, 1991.

My commission expires: February 6, 1994.

Don J. Mullins
NOTARY PUBLIC

I certify that the above is a true and correct copy of the original.

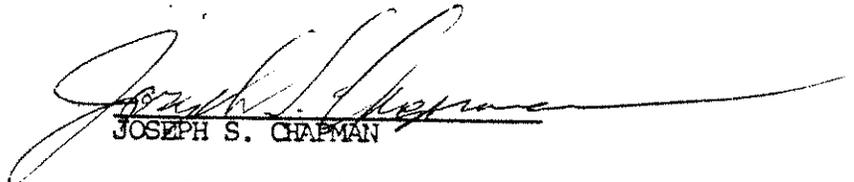
Dated this the 27th day of June, 1991.

Claude Workman
RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, JOSEPH S. CHAPMAN, do hereby solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties as a member of the Council of the Town of Chapmanville, West Virginia, to the best of my skill and judgment, so help me God.


JOSEPH S. CHAPMAN

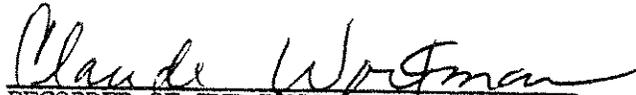
Taken, subscribed and sworn to before me this the 27th day of June, 1991.

My commission expires: March 9, 1998


NOTARY PUBLIC

I certify that the above is a true and correct copy of the original.

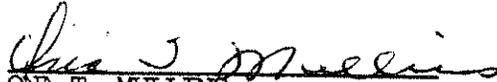
Dated this the 27th day of June, 1991.


RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

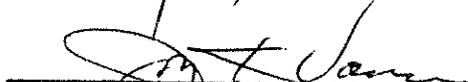
COUNTY OF LOGAN, TO-WIT:

I, ONA T. MULLINS, do hereby solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties as a member of the Council of the Town of Chapmanville, West Virginia, to the best of my skill and judgment, so help me God.


ONA T. MULLINS

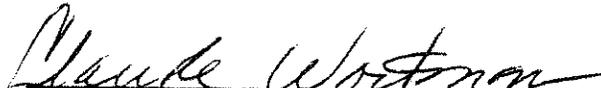
Taken, subscribed and sworn to before me this the 27th day of June, 1991.

My commission expires: May 8, 2001.


NOTARY PUBLIC

I certify that the above is a true and correct copy of the original.

Dated this the 27th day of June, 1991.


RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, DAVID CHAPMAN, do hereby solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties as a member of the Council of the Town of Chapmanville, West Virginia, to the best of my skill and judgment, so help me God.


DAVID CHAPMAN

Taken, subscribed and sworn to before me this the 27th day of June, 1991.

My commission expires:

May 8, 2001


NOTARY PUBLIC

I certify that the above is a true and correct copy of the original.

Dated this the 27th day of June, 1991.


RECORDER OF THE TOWN OF CHAPMANVILLE

AN ORDINANCE TO AMEND AND RE-ENACT THE TOWN OF CHAPMANVILLE
ORDINANCE REGARDING SEWAGE SERVICE SCHEDULE OF RATES

THE TOWN COUNCIL OF THE TOWN OF CHAPMANVILLE HEREBY ORDAINS

That the Town of Chapmanville Code, Chapter XVIII, entitled
"Sewer Service Schedule of Rates", be amended and re-enacted
to read as follows:

CHAPTER XVIII
SEWER SERVICE SCHEDULE OF RATES.

(a) There is hereby levied and assessed against all
owners, tenants or occupants of each and every lot or parcel
of real estate or building having any active connection with
the public sanitary sewage, industrial wastes, water or
other liquids, either directly or indirectly into the
system, or any part thereof, a service charge payable as
hereinafter provided and in the amount hereinafter provided.

(b) The service charge for any owner, tenant or
occupant or each and every lot or parcel of real estate or
building, situated within or outside the corporate limits of
the Town, having any connection with the public sanitary
sewage system and discharging sewage, industrial wastes,
following schedules:

SCHEDULES OF RATES AND CHARGES FOR SANITARY SEWER SERVICE

Applicable with the corporate limits of
The Town of Chapmanville, West Virginia

AVAILABILITY OF SERVICE:

Available for general domestic, commercial and industrial
sanitary sewer service.

RATE:

<u>Gallons Per Month</u>	<u>Rate Per Thousand Gallon</u>
First 2,000	\$3.98
Next 3,000	\$3.07
Next 20,000	\$2.44
Next 75,000	\$1.91
All over 100,000	\$1.49

MINIMUM CHARGE

The above schedule is subject to a minimum monthly charge
based upon the size of the water meter servicing the
location which minimum is as follows:

Proposed Sewer Meter Rates

Minimum Charge

Meter Size

5/8" meter	\$	7.96
1" meter	\$	20.90
1 1/4" meter	\$	32.78
1 1/2" meter	\$	47.44
2" meter	\$	84.60
3" meter	\$	190.77
4" meter	\$	325.35
6" meter	\$	732.03
8" meter	\$	1,280.76

MULTIPLE OCCUPANCY:

On apartment buildings or other multiple occupancy buildings, each unit shall be required to pay not less than the above minimum monthly charge.

DELAYED PAYMENT CHARGE:

The above schedule is net. On all accounts not paid in full within ten days of date of bill, ten percent will be added to the net amount shown.

SERVICE CONNECTION FEE

Tap Inspection fee, new installation \$150.00.

SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES:

The provisions of this Ordinance are separable, and if any clause, provision of section hereof be held void or unenforceable by an Court of competent jurisdiction , such holding shall not affect the remainder of this Ordinance. All resolutions, ordinances, orders of parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, ordinances, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING:

After introduction hereof, the Council shall publish a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days with at least six (6) full days intervening between each publication in the Logan Banner and the Guyandotte Voice, being newspapers published and of general circulation in Chapmanville, West Virginia, and said notice shall state

that this Ordinance has been introduced and that any person interested may appear before Council on the 2nd day of March, 1992, at 7:00 o'clock p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and Notice, and be heard concerning the proposed rates and charges. 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.

EFFECTIVE DATE:

The above Ordinance has been introduced at a meeting of the Council held on the 13th day of February, 1992, and shall be effective as July 1, 1992.

Passed on the first reading:

3/2/92

Passed on the second reading:

3/12/92

The foregoing Rate Ordinance has been introduced for first reading at a meeting of Council held on March 2, 1992, and introduced for second reading on March 12, 1992. Any person interested may appear before Council, Chapmanville Town Hall, Chapmanville, West Virginia, on the 2nd day of March, 1992, at 7:00 o'clock p.m. and be heard concerning the proposed rates and charges.

Council will then take such action as it shall deem proper in the premises.

DATED:

3/12/92

Claude Workman
RECORDER

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TOWN OF CHAPMANVILLE, TO-WIT:

I, Claude Workman, Recording Office of said Town of Chapmanville, do hereby certify that the foregoing are true copies from the record of orders made and entered by the Council of the Town of Chapmanville on the 12th day of March, 1992.

Claude Workman
RECORDER

Regular Council Meeting Held March 12, 1992 at 7:00 p.m.
At Municipal Building.

Present: Mayor Joy Vance, Recorder Claude Workman, Council Members present, Dave Chapman, James Farley, O.T. Mullins. Jerry Godby. B.L. Spaulding.
Minutes of Special and Regular Meeting held March 2, 1992 was read. Motion to approve as read was made by O.T. Mullins, second by David Chapman. All in favor.

Motion to approve Fire Truck payment of \$14,972.48 was made by James Farley, second by O.T. Mullins. All in favor.

Motion to approve 1992-1993 General Fund and Coal Severance Budget was made by James Farley, second by David Chapman. All in favor.

B.L. Spaulding read second reading of an Amendment to Ordinance pertaining to sewage rates effective July 1, 1992. Motion to approve and adopt was made by O.T. Mullins and second by James Farley. All in favor.

Building permit was submitted by Pete Kinser. New home to be built on Tomblin Street costing \$85,000.00. Motion to approve was made by David Chapman and second by O.T. Mullins.

Mayor reports the Caprice has been repaired and is back in service. Repaired by L&S (GM Warrenty 12,000 miles).

Mayor reports that the garbage truck is out of service again. Town will get used truck from Guyan Sanitation & Transfer tomorrow. Guyan Transfer will repair Garbage truck and have to ready for service on Sunday.

Mayor reports that Dale Simmons is absent due to attending School Board Meeting at Logan.

Motion to adjourn was made by O. T. Mullins and second by James Farley. All in favor.



Mayor



Recorder

Regular council meeting held 7:00 p.m. at Municipal Building
August 13, 1992.

Present were: Mayor, Joy Vance, Recorder, Claude Workman, Council members, Scot Chapman, James Farley, O.T. Mullins, Dave Chapman. Others present, Dave Michaels, Kathy Ellis, Johnny Wood, Samme Gee, Lucian Adkins, Jerry Godby, Paul Ghosh, Randy Lewis, B.L. Spaulding and Mr. Cunningham.

Minutes of previous regular Council Meeting held July 23, 1992 was read. Motion to approve as read was made by Joseph Chapman, second by O.T. Mullins. All in favor.

Cunningham talked with Council and those present, concerning bids on Contract #1 & #2. Total cost of project more than anticipated. Construction to begin November 1, 1992 and complete construction March 30, 1993 costing \$211,000.00 more than budgeted.

Kathy Ellis talked to Council concerning rate increase in sewage rates. She said the rates should not be increased.

Samme Gee talked to Council concerning the Ammendatory and Supplemental Bond Ordiance. Ms. Gee read the Ordiance Amending and Supplementing an ordiance passed by the Town of Chapmanville, April 10, 1986. Motion to read ordiance by Title was made by Dave Chapman second by James Farley. All in favor. Motion to approve 1st Reading of Ordiance was made by Joseph Chapman, second by O.T. Mullins.

Mayor reports there will be a Special Meeting on August 20, 1992 at 7:00 to have the 2nd reading of Ordiance. Also to adopt Ordiance and adopt Resolution on the Sewer Grant. Public Meeting posted and to authorize to place Ordiance in two Newspapers.

David Michael talked to Council concerning Budget Ammendment. Transferred money from one line item to another. No money was added.

Motion to accept items listed below:

Budget Ammendment #2

Letter to Governors Office requesting more money.

Cover letter to Fred Cutlip, Director of WV. Development Office.

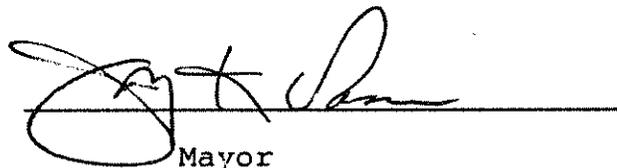
Letter for extension of Grant to June 30, 1993, to William Spence, Grants Management Speciality. Motion to approve the above items was made by Joseph Chapman second by O.T. Mullins. All in favor.

Motion to buy TV and VCR for the Police Dept. for Court Cases in conjunction with new radar equipment. Mayor to check prices. Motion to approve was made by O.T. Mullins second by James R. Farley. All in favor.

Motion to take care of problems near Clorstine Lilly's home and other drainage problems was made by Dave Chapman second by James Farley. All in favor.

James Farley reported a sewage problem at his house.

Motion to adjourn was made by Dave Chapman second by O.T. Mullins. All in favor.



Mayor



Recorder

TOWN OF CHAPMANVILLE

AMENDATORY AND SUPPLEMENTAL BOND AND NOTE ORDINANCE

INDEX

	<u>PAGE</u>
ARTICLE I STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS.....	2
Section 1.01. Authority of this Amendatory and Supplemental Ordinance.....	2
Section 1.02. Definitions.....	2
Section 1.03. Ordinance Constitutes Contract.....	10
Section 1.04. Findings.....	11
ARTICLE II AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM.....	15
Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements.....	15
ARTICLE III AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS.....	15
Section 3.01. Authorization and Terms of Original Bonds.....	15
Section 3.02. Execution of Bonds.....	16
Section 3.03. Authentication and Registration.....	17
Section 3.04. Negotiability, Transfer and Registration.....	17
Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost.....	18
Section 3.06. Bonds not to be Indebtedness of the Town.....	18
Section 3.07. Bonds Secured by Pledge of Net Revenues.....	18
Section 3.08. Form of Original Bonds.....	19
Section 3.09. Sale of Original Bonds; Execution of Loan Agreement.....	26

	<u>PAGE</u>
Section 3.10. Original Bonds are Issued as Parity Bonds.....	26
Section 3.11. Certificate of Consulting Engineers.†	27
ARTICLE IV LINE OF CREDIT.....	26
Section 4.01. Authorization of Line of Credit.....	27
Section 4.02. Authorization of Note.....	27
Section 4.03. Execution of Note.....	28
Section 4.04. Negotiability, Transfer and Registration.....	28
Section 4.05. Form of Note.....	29
Section 4.06. Security for Note.....	29
Section 4.07. Notes are Special Obligations.....	29
Section 4.08. Note Payment Fund.....	30
Section 4.09. Conversion to Long-Term Obligation...	30
Section 4.10. Line of Credit Bonds.....	31
Section 4.11. Draws upon Line of Credit.....	31
Section 4.12. Line of Credit Construction Trust Fund.....	31
Section 4.13. Line of Credit Bond Proceeds.....	32
Section 4.14. Note and Line of Credit Bonds Secured by Ordinance.....	32
Section 4.15. Covenants with Owner of Note.....	32
Section 4.16. Required Notices to Note Depository and Owner of Note.....	33
Section 4.17. Bond Anticipation Notes.....	34
Section 4.18. Events of Default.....	34
Section 4.19. Remedies.....	34

	<u>PAGE</u>
Section 4.20. Appointment of Receiver.....	35
Section 4.21. Modification or Amendment.....	35
Section 4.22. The Bank.....	35
Section 4.23. Note Depository.....	35
Section 4.24. Note Registrar.....	35
Section 4.25. Notice to Authority and DEP.....	36
ARTICLE V SYSTEM REVENUES AND APPLICATION THEREOF...	36
Section 5.01. Establishment of Funds and Accounts with Depository Bank.....	36
Section 5.02. Establishment of Funds and Accounts with Commission.....	36
Section 5.03. System Revenues; Flow of Funds.....	37
Section 5.04. Excess Bond Proceeds.....	40
ARTICLE VI APPLICATION OF ORIGINAL BOND PROCEEDS: FUNDS AND ACCOUNTS.....	40
Section 6.01. Application of Original Bond Proceeds.....	40
Section 6.02. Disbursements From the Bond Construction Trust Fund.....	41
ARTICLE VII ADDITIONAL COVENANTS OF THE TOWN.....	42
Section 7.01. General Covenants of the Town.....	42
Section 7.02. Bonds not to be Indebtedness of the Issuer.....	42
Section 7.03. Bonds Secured by Pledge of Net Revenues.....	42
Section 7.04. Rates.....	42

	<u>PAGE</u>
Section 7.05. Completion, Operation and Maintenance; Schedule of Cost.....	43
Section 7.06. Sale of the System.....	43
Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances.....	45
Section 7.08. Parity Bonds.....	45
Section 7.09. Insurance and Construction Bonds.....	48
Section 7.10. Consulting Engineers.....	49
Section 7.11. Compliance With Loan Agreement Rules and Regulations.....	49
Section 7.12. No Free Services.....	49
Section 7.13. Enforcement of Collections.....	50
Section 7.14. No Competing Franchise.....	50
Section 7.15. Books, Records and Facilities.....	50
Section 7.16. Operating Budget.....	52
Section 7.17. Mandatory Connection.....	53
Section 7.18. Compliance with Loan Agreement.....	54
Section 7.19. Tax Covenants.....	54
Section 7.20. Statutory Mortgage Lien.....	54
Section 7.21. Rebate Covenant.....	55
ARTICLE VIII INVESTMENT OF FUNDS; NON-ARBITRAGE.....	55
Section 8.01. Investments.....	55
Section 8.02. Arbitrage.....	56
Section 8.03. Tax Certificate and Rebate.....	56
Section 8.04. Restriction of Yield and Bond Proceeds.....	58

	<u>PAGE</u>
ARTICLE IX DEFAULT AND REMEDIES.....	58
Section 9.01. Events of Default.....	58
Section 9.02. Remedies.....	58
Section 9.03. Appointment of Receiver.....	59
ARTICLE X DEFEASANCE.....	60
Section 10.01. Defeasance of Bonds.....	60
Section 10.02. Defeasance of Notes.....	61
ARTICLE XI MISCELLANEOUS.....	61
Section 11.01. Modification or Amendment.....	61
Section 11.02. Severability of Invalid Provisions...	62
Section 11.03. Repeal of Conflicting Ordinances.....	62
Section 11.04. Covenant of Due Procedure.....	62
Section 11.05. Effective Date.....	62

AMENDATORY AND SUPPLEMENTAL BOND AND NOTE ORDINANCE

Introduced in Council

August 13, 1992

Introduced by

Town Recorder

Passed by Council

August 20, 1992

An Ordinance amending and supplementing an Ordinance passed by the Council of the Town of Chapmanville, West Virginia, on March 10, 1986, 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"; authorizing the acquisition and construction of a wastewater treatment facility consisting 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 \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992, 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; authorizing a revolving line of credit in an amount not to exceed \$200,000 to provide funds for such acquisition of construction to the extent bond proceeds, grant receipts or other funds are not timely available therefore, and an agreement with respect to said Line of Credit; authorizing issuance of a combined waterworks and sewerage system, construction note of the Town of Chapmanville and the stated principal amount not to exceed \$200,000 to evidence the Town's obligation to repay any draws upon said Line of Credit; providing for the rights and remedies of and security for the owners of such bonds and note; and adopting other provisions related thereto.

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

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Amendatory and Supplemental Ordinance. This Amendatory 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. Definitions. Except as provided below, terms used in this Amendatory Ordinance have the meanings set forth in the Prior Ordinance, as amended by this Amendatory 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. "Amendatory Ordinance" or "this Ordinance" shall mean this ordinance as hereafter amended or supplemented.

C. "Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds on behalf of the Program, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

D. "Bank" shall mean the bank set forth in a resolution supplemental hereto.

E. "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 Section 18 of the Act, and any successor thereto.

F. "Bond Construction Trust Fund" shall mean the fund created by Section 6.01 hereof.

G. "Bondholder" or "Owner of the Bonds" or any similar term shall mean any person who shall be the registered owner of any Outstanding Bond as hereinafter defined.

H. "Bond Year" shall mean the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

I. "Bonds" shall mean the Original Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

J. "Closing Date" shall mean the date upon which there is an exchange of the Bonds for the proceeds or a portion of the proceeds representing the purchase of the Bonds by the Authority.

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

L. "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.

M. "Consulting Engineers" shall mean Ghosh Engineers, 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.

N. "Cost of Project" shall mean those costs described in Section 1.04(I) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

O. "Council" shall mean the Council of the Town.

P. "Debt Service" shall mean the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

Q. "DEP" shall mean the West Virginia Division of Environmental Protection.

R. "Depository Bank" shall mean the bank designated as such in the Supplemental Resolution, as hereinafter defined, and its successors and assigns.

S. "Excess Investment Earnings" shall mean an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment earnings] had been equal to the Yield on the Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

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

U. "Fund" shall mean the "West Virginia Water Pollution Control Revolving Fund" established by the State, administered by the DEP and funded by capitalization grants awarded to the State pursuant to the federal Clean Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the construction, acquisition and improvement of wastewater treatment facilities.

V. "Grant" shall mean the United States Small Cities Block Grant administrated by the West Virginia Development Office.

W. "Grant Agreement" shall mean a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is repaid to the Town.

X. "Grant Receipts" shall mean all monies received by the Town on account of any Grant.

Y. "Government Obligations" shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

Z. "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.

AA. "Independent Accountants" shall mean any firm of certified public accountants which shall be retained by the Town as independent accountants for the System.

BB. "Investment Property" shall mean any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income under Section 103 of the Code for federal income tax purposes.

CC. "Line of Credit" shall mean the revolving line of credit established for the Town by the Bank in an amount not to exceed \$200,000.

DD. "Line of Credit Agreement" shall mean the agreement to be approved as to form and substance by the Supplemental Resolution establishing the Line of Credit with the Bank.

EE. "Line of Credit Bonds" shall mean the not more than \$200,000 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, authorized by Section 4.10 to be issued, if necessary, to pay the principal of and interest on the Note.

FF. "Loan Agreement" shall mean the Water Pollution Control Revolving Fund Loan Agreement by and among the Authority, the DEP and the Town providing for the purchase of the Bonds from the Town by the Authority, the form of which is attached as Exhibit B hereto and incorporated herein by reference.

GG. "Mayor" shall mean the Mayor of the Town.

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

II. "Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

JJ. "Nonpurpose Investment" shall mean any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

KK. "Note" or "Credit Line Note" shall mean the not more than \$200,000 in aggregate principal amount of a Bond Anticipation Note or Notes evidencing the Town's obligation to repay any draw upon the Line of Credit originally authorized hereby, and unless the context clearly indicates otherwise, the term "Notes" means any refunding Notes of the Town.

LL. "Note Depository" shall mean the bank designated as such in a resolution supplemental hereto.

MM. "Note Registrar" shall mean the entity named as such in a resolution supplemental hereto.

NN. "Noteholder," "Holder of the Notes" or any similar term shall mean the person who shall be the registered owner of any Outstanding Note or Notes, as hereinafter defined.

OO. "Operating Expenses" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, DEP, fiscal agents, the Registrar and 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, 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.

PP. "Operation and Maintenance Fund" shall mean the Operation and Maintenance Fund established by the Prior Ordinance and continued by Section 5.01 hereof.

QQ. "Ordinance" shall mean the Prior Ordinance, as hereinafter defined, as amended and supplemented by this Amendatory Ordinance and as further amended or supplemented. Unless the context clearly requires a different meaning, reference to "this Ordinance" in the Prior Ordinance shall mean the Ordinance.

RR. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean the not more than \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992 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.

SS. "Outstanding" when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered except (i) any such Bond 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 Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any such Bond registered to the Town.

TT. "Parity Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Bonds.

UU. "Paying Agent" shall mean the West Virginia Municipal Bond Commission (the "Commission").

VV. "Prior Bonds" shall mean, collectively, the Subordinate Bonds and the Supplemental Bonds (as hereinafter defined).

WW. "Prior Ordinance" shall mean the ordinance passed by the Council of the Town on March 10, 1986, authorizing the issuance of the Prior Bonds.

XX. "Private Business Use" shall mean use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a) (3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a) (3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use", if any, of the proceeds of the issue and/or proceeds used for "qualified improvements", if any.

YY. "Program" shall mean the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by the DEP.

ZZ. "Project" shall mean the wastewater treatment facility project described in Exhibit A attached hereto,

constituting extensions, additions, betterments and improvements to the existing combined waterworks and sewerage system of the Town.

AAA. "Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so

that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended;

(i) Advance-Refunded Municipal Bonds.

BBB. "Rebate Fund" shall mean the fund created by Section 5.01(5) hereof.

CCC. "Regulations" shall mean the regulations promulgated under the Code.

DDD. "Recorder" shall mean the Recorder of the Town.

EEE. "Registrar" shall mean the entity named as such in the Supplemental Resolution.

GGG. "Renewal and Replacement Fund" shall mean the depreciation fund created by the Prior Ordinance and continued by Section 5.01 hereof.

HHH. "Reserve Account" shall mean the account in the Sinking Fund, as hereinafter defined, created by Section 5.02(1)(a) hereof.

III. "Reserve Requirement" shall mean as of any date of calculation, the maximum amount of principal which will become due on the Bonds in the then current or any succeeding Fiscal Year.

JJJ. "Revenue Fund" shall mean the fund created by Section 4.01(1) of the Prior Ordinance so long as the Prior Bonds are Outstanding; and thereafter the revenue fund continued by Section 5.01(1) hereof.

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

LLL. "Sinking Fund" shall mean the fund created by Section 5.02(1) hereof.

MMM. "State" shall mean the State of West Virginia.

NNN. "Subordinate Bonds" shall mean the Town's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the principal amount of \$200,260 and currently Outstanding in the principal amount of \$196,548.

OOO. "Supplemental Bonds" shall mean the Town's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the principal amount of \$99,740 and currently Outstanding in the principal amount of \$84,779.

PPP. "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.

QQQ. "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, including the wastewater treatment facility, hereafter acquired or constructed for said waterworks and sewerage system from any sources whatsoever, both within and without said Town.

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

SSS. "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.

TTT. "Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

UUU. 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.

VVV. 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.

WWW. 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.

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

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the 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 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Town of Chapmanville, West Virginia now owns a combined waterworks and sewerage system consisting of a waterworks system in its entirety or any integral part thereof, including some or all of mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and a sewage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes (herein referred to as the "System").

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, authorized pursuant to an ordinance of the Town passed on October 1, 1971, which 1971 Bonds have been defeased to maturity and no longer have a lien on the revenue of the System.

D. The acquisition and construction of certain extensions, additions, betterments and improvements to the System was financed with the proceeds of \$200,260 in principal amount of the Subordinate Bonds and \$99,740 in principal amount of the Supplemental Bonds authorized pursuant to the Prior Ordinance.

E. The Subordinate Bonds of the Town are currently Outstanding in the principal amount of \$196,548, and the Supplemental Bonds of the Town are currently Outstanding in the principal amount of \$84,779.

F. 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.

G. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed the Project, consisting of sewage and wastewater collection, treatment and disposal facilities; drainage facilities and projects; administrative, maintenance, storage and laboratory facilities related to the foregoing; and interests in land related to the foregoing, all of which will constitute extensions, additions, betterments and improvements to the System at an estimated cost of \$1,585,301, in accordance with the plans and specifications prepared and revised by 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 twenty (20) years. The Town has been awarded a Grant in the amount of \$627,750 and has applied or plans to apply for an additional Grant in the amount of \$122,250, all of which Grant Receipts will be applied to the Cost of the Project.

H. 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 Waterworks and Sewerage System Revenue Bonds, Series 1992, of the Town of Chapmanville 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.

I. It is deemed necessary for the Town to issue its Original Bonds in the aggregate principal amount of not more than \$1,000,000 to finance the costs of acquisition and construction of the Project herein described through the Program. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the original bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, fiscal and legal expenses; expenses for estimates of cost and revenue; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees or expenses of the Authority or DEP and any defaulted interest thereon, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Original Bonds, the Note or the Line of Credit, and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Town for any amounts expended by it for allowable costs prior to the issuance of the Original Bonds or the repayment of the indebtedness incurred by the Town for such purposes shall be deemed part of the Cost of the Project.

J. It is in the best interests of the Town that its Original Bonds be sold to the West Virginia Water Development Authority pursuant to the terms and provisions of the Loan Agreement by and among the Authority, the DEP and the Town.

K. It is necessary and in the best interests of the Town to establish the Line of Credit in an aggregate principal amount not to exceed \$200,000, to provide funds for the acquisition and construction of the Project to the extent Original Bond proceeds, Grant Receipts or other funds are not timely available therefor, to enter into the Line of Credit Agreement with the Bank, to issue the Note to evidence the Town's obligation to repay any draw upon the Line of Credit, and, if necessary, to issue the Line of Credit Bonds or take such other actions as are hereinafter set forth to provide for the payment of the principal and interest of the Note on or prior to maturity thereof.

L. The Town has received a certificate from an independent certified public accountant that it meets the parity test established in the Prior Ordinance. The Original Bonds shall be issued with a lien on the Net Revenues on a parity with the lien held by the registered owners of the Subordinate Bonds, but the lien of the Original Bonds shall be senior and superior to the lien of the registered owners of the Supplemental Bonds.

M. 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 or will have been waived prior to the issuance of the Original Bonds.

N. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements. It is in the best interest of the Town and its inhabitants to qualify for the small governmental unit exception from the rebate provisions. Accordingly, it is hereby found and determined:

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

(2) The Original Bonds and the Note are not private activity bonds as defined by the Code.

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

(4) The Town reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Town and all subordinate entities thereof during the calendar year in which the Original Bonds and the Note will be issued will not exceed \$5,000,000. The Town reasonably expects to issue the Original Bonds and the Note in calendar year 1992.

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

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

Q. Neither the Bonds nor the Note will be federally guaranteed within the meaning of the Code.

R. It is reasonably anticipated that all proceeds of the Original Bonds will be spent within three years from the date of issuance.

S. The Town and all subordinate issuers do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during calendar year 1992, and the Town hereby designates the Note as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code.

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 purposes of capitalizing interest on the Bonds, funding the Reserve Account, paying costs of issuance and 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 as one bond to be designated "Waterworks and Sewerage System Revenue Bonds, Series 1992" in an aggregate principal amount of not more than \$1,000,000. The Original Bonds shall be dated as of the date of delivery thereof, shall bear such interest, shall mature at such times, not exceeding twenty-one (21) years after the date of issuance, and in such amount as shall be set out in Schedule X to the Loan Agreement. The Original Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Original Bonds shall be as set forth on Schedule Y to the Loan Agreement. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the Loan

Agreement and as the Council of the 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 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, fully registered to the Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement 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 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 attested by the Recorder, and the seal of the Town shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the 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 the Owner's attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Owner or the Owner's duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be 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, 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 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 anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Bonds not to be Indebtedness of the 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. The payment of the debt service of all the Original Bonds shall be secured forthwith equally and ratably with each other and the Subordinate Bonds by a first lien on the Net Revenues derived from the System and senior to the lien on the Net Revenues of the Supplemental Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund hereinafter established and as established in the Prior Ordinance, 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 Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

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[FORM OF THE ORIGINAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF LOGAN
TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1992

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 quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September, and the 1st day of December in each year beginning _____, 199_, as set forth on the "Schedule of 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.

Interest on this Bond shall be zero (0%) percent from the date hereof until the Date of Completion of the Project, and after such date interest shall be payable on the 1st day of March, the 1st day of June, the 1st day of September, and the 1st day of December in each year beginning _____, 199_, at the rate of _____ percent (___%) per annum. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the Paying Agent. 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 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 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 _____, among the Authority, the DEP and the Town.

This Bond is issued (i) to pay costs of acquisition and construction of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the Town (the "Project"), (ii) to capitalize interest thereon, (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 _____, 1992, and a Supplemental Resolution adopted by the Town on the ____ day of _____, 1992 (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 ranks equally as to lien and security with the Subordinate Bonds and senior to the Supplemental Bonds, as both are defined in the Ordinance.

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues as defined in the Ordinance, on a parity with the lien of the Subordinate Bonds, 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 with 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 each of the reserve accounts for the Prior Bonds, respectively, 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 _____, 1992.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original 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 Loan Agreement. The Original Bonds shall be sold to the Authority, pursuant to the respective terms and conditions of the Loan Agreement. As a ratification of the resolution of Council authorizing execution of the Loan Agreement, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Town, attest the same and deliver the Loan Agreement to the Authority and DEP. The Loan Agreement is specifically incorporated into this Ordinance.

Section 3.10. Original Bonds are Issued as Parity Bonds. The Original Bonds are issued as and shall constitute Parity Bonds in accordance with Section 7.07 of the Prior Ordinance. Prior to the issuance of the Original Bonds, the following must occur:

A. The Town must receive the written approval of the Authority for the issuance of the parity bonds while the Original Supplemental Bonds remain Outstanding.

B. There must be procured and filed with the Town Clerk a written statement by the Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments set forth in Section 7.07 of the Ordinance, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of the Original 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 Project, shall not be less than One Hundred Fifteen Percent (115%) of the maximum debt service in any succeeding year on the following:

(1) the Prior Bonds and any other obligations secured by or payable from the revenues prior to or on a parity with the Bonds;

(2) any Parity Bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

(3) the Original Bonds.

C. Unless waived in writing by the Authority, the Town must enter into written contracts for the immediate acquisition or construction of the Project not later than simultaneously with the delivery of the Original Bonds.

D. The Original Bonds shall not be issued unless all the payments into the respective funds and accounts provided for in the Prior Ordinance on account of the Prior Bonds Outstanding and

any other payments provided for in the Prior Ordinance, shall have been made in full as required to the date of delivery of the Original Bonds.

Section 3.11. Certificate of Consulting Engineers. Prior to the issuance of the Original Bonds, the Town must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the DEP and the Authority, the Project is adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of acquisition and construction of the Project.

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. For the purpose of providing funds for the acquisition and construction of the Project to the extent Original Bond proceeds, Grant Receipts or other funds are not timely available therefor, the Line of Credit to be established by the Bank is hereby authorized, and upon approval by the Supplemental Resolution, the Mayor of the Town is hereby authorized and directed to execute the Line of Credit Agreement.

Section 4.02. Authorization of Note. For the purpose of evidencing the Town's obligation to repay any draw upon the Line of Credit and, thus, of financing a portion of the cost of acquisition and construction of the Project, there shall be issued the Note of the Town, in the stated principal amount of not to exceed \$200,000. The Note shall be originally issued in single, fully registered form, without coupons, and shall be dated as of the date of delivery thereof. There shall be attached to the Note a Record of Advances and Payments, upon which the date and principal amount of any draw upon the Line of Credit, the date and amount of any payment of principal of and interest on the Note and the amount of the Note Outstanding after either of said transactions shall be recorded. Anything to the contrary herein or in the Line of Credit Agreement notwithstanding, the Note shall evidence only the Outstanding indebtedness recorded on the Record of Advances and Payments attached thereto, and interest shall accrue only on the amount of each advance from the actual date thereof as listed on said Record of Advances and Payments. Each such advance shall bear interest at the rate, not to exceed 12 percent per annum, specified in the Supplemental Resolution. Interest shall cease to accrue on the amount of the Note Outstanding, or portions thereof, as the

same are paid, as reflected by said Record of Advances and Payments. The Note shall mature on such date or dates, not later than 48 months after the date thereof, specified in the Supplemental Resolution. Interest on the Note shall be payable as specified in the Supplemental Resolution. The Note shall be subject to such further terms as shall be provided by the Line of Credit Agreement or said Supplemental Resolution. Notwithstanding the foregoing, the terms of the Note, other than the principal amount thereof, maximum rate of interest thereon, and maximum maturity thereof, may be modified by the Supplemental Resolution, subject to the limits of the Act.

The Note shall be payable as to principal upon presentation, and, in the case of payment at maturity, surrender, at the principal office of the Note Registrar, in any coin or currency which on such date of payment is legal tender for the payment of public and private debts under the laws of the United States of America. The Note is subject to prepayment in whole or in part at any time, upon two days' written notice (or telephone notice, confirmed in writing as soon as practical) to the Note Registrar and the Note Owner; provided, that any payment of principal, in whole or in part, prior to the final maturity of the Note shall be recorded by the Note Registrar on the Record of Advances and Payments attached to the Note, and the Note shall be returned to the Owner.

Section 4.03. Execution of Note. The Note shall be executed in the name of the Town by the signature of its Mayor, and the seal of the Town shall be affixed thereto and attested by the signature of the Town Clerk. Any Note may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Note shall hold the proper office of the Town, although at the date of such Note such person may not have held such office or may not have been so authorized.

Section 4.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Note shall be and have all of the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State, and each successive Owner, in accepting the Note, shall be conclusively deemed to have agreed that the Note shall be incontestable in the hands of a bona fide holder for value.

So long as the Note or any portion thereof remains Outstanding, the Note Registrar shall keep and maintain at its principal office books for the registration and transfer of the Note. The Note shall be transferable only upon such books of the Note Registrar by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Note Registrar duly executed by the registered owner or his duly authorized

attorney. Upon the transfer of the Note, there shall be issued at the option of the Owner or the transferee another Note or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred Note and Outstanding in the aggregate principal amount equal to the advanced but unpaid amount of the transferred Note as reflected on the Record of Advances and Payments attached thereto.

In all cases in which the privilege of transferring the Note is exercised, Notes shall only be issued in accordance with the provisions of this Amendatory Ordinance. All Notes surrendered in any such transfers shall forthwith be cancelled by the Note Registrar. For every such transfer of Notes, the Note Registrar may make a charge sufficient to reimburse its office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each Note upon each transfer, and any other expenses of the Note Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer.

Section 4.05. Form of Note. The text of the Note shall be in substantially the form set forth by the Supplemental Resolution. The Note shall not become valid until authenticated by the Note Registrar.

Section 4.06. Security for Note. The principal of and interest on the Note are payable solely from and secured by the net proceeds of the Bonds and such other sources, including the net proceeds of the Line of Credit Bonds, as are hereinafter set forth. The principal and interest on the Note are further payable from and secured by the Net Revenues derived from the operation of the System; provided, that such lien on the Net Revenues is and shall be junior, inferior and subordinate in all respects to the lien thereon of the Holders and owners of the Prior Bonds and the Bonds.

Section 4.07. Notes are Special Obligations. The Note shall be a special obligation of the Town, payable as to principal and interest solely from said sources described in this Article. The Note does not and shall not constitute an indebtedness of the Town within the meaning of any charter, constitutional or statutory provisions. The general funds of the Town are not liable, and neither the full faith and credit nor the taxing power of the Town is pledged, for the payment of the Note. The Owner of the Note shall never have the right to compel the forfeiture of any property of the Town. The Note shall not be a debt of the Town, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Town or upon any of its income, receipts or revenues except the net proceeds of the Bonds and the Line of Credit Bonds, the Net Revenues and other funds pledged thereto by this Ordinance.

Notwithstanding anything in this Amendatory Ordinance, the Town shall not be required to advance any money derived from any source of income other than the net proceeds of the Bonds and the Line of Credit Bonds, the Grant Receipts, the Net Revenues and other funds pledged by this Amendatory Ordinance for the payment of the principal of or interest on the Note or for the performance of any of its duties under this Amendatory Ordinance. The Town may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Town for such purpose without incurring indebtedness.

Section 4.08. Note Payment Fund. There is hereby created and established with the Note Depository a special fund, designated "Sewerage System 1992 Construction Note Payment Fund." The Note Depository shall segregate all funds and securities in the Note Payment Fund from other deposits and funds of the Note Depository and other deposits and funds of the Town, including the payment fund established therefor. All moneys in the Note Payment Fund, until payment in full of all principal and interest owing on the Note at its maturity, shall be held in trust for the Owner of the Note, and the Town shall have no rights with respect thereto except to receive the balance therein after payment of the Note and the interest thereon and the charges, if any, of the Note Depository and the Note Registrar. Pending such application, moneys in the Note Payment Fund shall be invested and reinvested in Qualified Investments. Any balance received by the Town shall be applied to the costs of the Project. At least one day prior to the maturity of the Note, there shall be deposited in the Note Payment Fund, the net proceeds of the Original Bonds or other moneys, including Net Revenues and the net proceeds of the Line of Credit Bonds, if necessary, in an amount sufficient to pay the principal of and interest on the Note at maturity. The Town may at any time prepay all or any portion of the Note Outstanding as herein provided. The Note Depository shall transfer any such principal payment, whether at maturity or a prepayment, or whether in whole or in part, to the Note Registrar for payment, and the Note Registrar shall make such payment as provided in this Article IV.

Section 4.09. Conversion to Long-Term Obligation. Notwithstanding the foregoing, the Town may, rather than pay the principal of the Note at or prior to the maturity thereof, convert the Note to a long-term obligation, subject to such terms, rate or rates of interest and other provisions as shall be mutually agreeable to the Owner and the Town and authorized by the Supplemental Resolution, payable from the Net Revenues of the System on a basis junior, subordinate and inferior to the Prior Bonds and the Bonds. Such long-term obligation may constitute the Line of Credit Bonds authorized hereunder.

Section 4.10. Line of Credit Bonds. A. For the purpose of paying the principal of and interest on the Note at or prior to maturity, to the extent not otherwise provided for, there is hereby authorized to be issued, and the Town hereby agrees to issue, the Line of Credit Bonds in a principal amount not to exceed \$200,000. The Line of Credit Bonds shall be issued at such time and in such amount, bear interest at such rate or rates not to exceed twelve percent (12%) per annum and be subject to such terms, all as shall be determined by a Supplemental Resolution.

B. The principal of and interest on the Line of Credit Bonds shall be payable only from, and secured by, the Net Revenues derived from the operation of the System; provided, that such lien on the Net Revenues shall be junior, inferior and subordinate in all respects to the lien thereon of the Holders and owners of the Prior Bonds and the Bonds.

C. There shall be created and established with the Commission upon the issuance of the Line of Credit Bonds a special fund, to be designated the "Line of Credit Debt Service Fund" and, within such fund, a special account, to be designated the "Line of Credit Reserve Account." Deposits into the Line of Credit Debt Service Fund for the payment of principal of and interest and fiscal agency or other charges on the Line of Credit Bonds, and payments into the Line of Credit Reserve Account, shall be made both at the times and in the proportions, and such fund and account shall otherwise be handled, as set forth in a resolution supplemental hereto. Said deposits from the Net Revenues on account of the Line of Credit Bonds shall be made only after those deposits required by Section 5.03 of this Ordinance and any deposits required by the Loan Agreement.

Section 4.11. Draws upon Line of Credit. The Town may draw upon the Line of Credit from time to time, upon the resolution of Council (or, if authorized by the Supplemental Resolution, upon the resolution of the Sanitary Board), and otherwise as provided by the Line of Credit Agreement.

Section 4.12. Line of Credit Construction Trust Fund. There is hereby created and established with the Note Depository a special fund, designated the "Waterworks and Sewerage System Line of Credit Construction Trust Fund" (hereinafter referred to as the "Trust Fund"). Any draws upon the Line of Credit shall be deposited in the Trust Fund and shall be kept separate and apart from all other funds of the Town or the Note Depository and expended solely for the purposes hereinafter provided. Expenditures may be made from the Trust Fund for paying the costs of acquisition and construction of the Project to the extent Original Bond proceeds or other funds are not timely available therefor; provided, that no expenditures shall be made from said fund without the approval of the Sanitary Board and the Consulting

Engineers. The balance of any such deposit in the Trust Fund, in excess of the amount insured by FDIC, shall at all times be secured to the full extent thereof by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State. Any balance in the Trust Fund after the completion of the Project shall be deposited in the Note Payment Fund and used only for the payment of the Note as provided in this Amendatory Ordinance. Pending the authorized use thereof, moneys in the Trust Fund shall be invested in Qualified Investments.

Section 4.13. Line of Credit Bond Proceeds. The proceeds of the Line of Credit Bonds, if necessary, after the payment of the cost of issuance thereof, shall be applied as provided by Section 4.08.

Section 4.14. Note and Line of Credit Bonds Secured by Ordinance. All of the covenants and agreements contained in this Ordinance shall be deemed to have been made, to the extent applicable, for the benefit of the Owner of the Note and, subsequently, of the registered owners of the Line of Credit Bonds (except as to details inconsistent with this Amendatory Ordinance). Such covenants and agreements shall be fully enforceable in the manner provided in the Ordinance by the Owner of the Note or the registered owners of the Line of Credit Bonds; provided, that any such rights and remedies shall be junior, subordinate and inferior to those of the Holders and owners of the Prior Bonds and the Bonds.

Section 4.15. Covenants with Owner of Note. In order to secure the payment of the Note, the Town hereby particularly covenants and agrees with the Owner of the Note, and makes provisions which shall be a part of the contract with such Owner, that the Town, if and so long as any of the Note is Outstanding and unpaid:

(A) Will proceed with all practicable dispatch to construct the Project;

(B) Will not make or cause or permit to be made any application of the proceeds of the Note or of any moneys held in the Note Payment Fund or the Note Construction Trust Fund except in accordance with the provisions of this Amendatory Ordinance;

(C) Will comply in all respects with the terms and provisions of the Loan Agreement and with all applicable state and federal laws and regulations governing the implementation of the Loan Agreement;

(D) Will impose and collect rates and charges for the use and services of the System in accordance with the requirements of the Ordinance and the Loan Agreement;

(E) Will take all actions necessary to preserve its right to receive reimbursements under the Loan Agreement;

(F) Will promptly request any reimbursements to which it has become entitled under the Loan Agreement;

(G) Will not unilaterally terminate, or enter into any agreement to terminate, the Loan Agreement;

(H) Except with respect to the Prior Bonds, the Bonds and the bond anticipation notes provided for by Section 4.17, will not create a pledge or otherwise encumber the Net Revenues prior to or on a parity with the lien thereon of the Owner of the Note, and, except with respect to said loan anticipation notes, will not create a pledge or otherwise encumber the proceeds of the Original Bonds prior to or on a parity with the lien created hereby on behalf of the Note.

Section 4.16. Required Notices to Note Depository and Owner of Note. The Town will give to the Bank, the Note Depository and the Owner of the Note prompt written notice, appropriately documented, of any change in the status of the Program and of any authorization of additional indebtedness of the Town, and particularly of any of the following events:

(A) Any modification of the Loan Agreement;

(B) The suspension of the Loan Agreement;

(C) The lifting or cancellation of the suspension of the Loan Agreement;

(D) The termination of the Loan Agreement;

(E) The annulment of the Loan Agreement; or

(F) The authorization by the Town of any additional indebtedness related to the System.

Whenever the Bank and the Note Depository shall have received notice that the Loan Agreement has been suspended or a stop-work order has been issued, no further draws upon the Line of Credit or withdrawals from the Line of Credit Construction Trust Fund shall be made until the Note Depository shall have received notice of the lifting of such suspension or stop-work order.

Section 4.17. Bond Anticipation Notes. Notwithstanding any provision of this Amendatory Ordinance to the contrary, the Town may hereafter issue bond anticipation notes with a lien on the Net Revenues and the net proceeds of the Original Bonds prior to or on a parity with that of the Note, all as may be set forth in a resolution supplemental hereto.

Section 4.18. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Note or the Line of Credit Bonds, as the case may be:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Note or any Line of Credit Bond, as the case may be;

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Note, or the Line of Credit Bonds, as the case may be, in this Amendatory Ordinance or any resolution or ordinance supplemental hereto or amendatory hereof or in the Note or the Line of Credit Bonds, as the case may be, contained, and such default shall have continued for a period of thirty (30) days after the Town shall have been given written notice of such default by the Note Depository or any Owner or registered owner of the Note or a Line of Credit Bond, as the case may be; 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 4.19. Remedies. Upon the happening and continuance of any Event of Default, the Owner of the Note or any registered owner of a Line of Credit Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 the Owner of the Note or the respective registered owners of the Line of Credit Bonds, as the same may be, including the right to require the Town to perform its respective duties under the Act and this Ordinance relating thereto, (iii) bring suit upon the Note or the Line of Credit Bonds, as the case may be, (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 Owner of the Note or the respective registered owners of the Line of Credit Bonds, as the case may be, and (v) by action at law or bill in equity enjoin any acts in violation of this Ordinance with respect to the rights of the Owner of the Note or the respective registered owners of the Line of Credit Bonds, as the case may be; all subject, however, to the rights of the holders and Owners of the Prior Bonds, the Bonds, and Line of Credit Bonds.

Section 4.20. Appointment of Receiver. The Owner of the Note or any registered owner of the Line of Credit Bonds, as the case may be, may, by proper legal action, compel the performance of the duties of the Town under this Amendatory Ordinance and the Act, all as provided by Section 9.03 of the Ordinance, subject, however, to the rights of the holders and Owners of the Prior Bonds and the Bonds.

Section 4.21. Modification or Amendment. No material modification of or amendment to this Amendatory Ordinance or any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of any Owner of the Note or any registered owner of the Line of Credit Bonds shall be made without the consent in writing of the Owners or registered owners of two-thirds (2/3) or more in principal amount of the Note or Line of Credit Bonds, as the case may be, then Outstanding; provided, however, that no change shall be made in the maturity of any Note or Line of Credit Bond or the rate or rates of interest thereon, or in the principal amounts thereof, or affecting the unconditional promise of the Town to pay the principal of and interest on the Note or Line of Credit Bonds out of the funds respectively pledged therefor without the consent of the Owners or registered owners thereof, as the case may be. No amendment or modification shall be made which would reduce the percentage of the principal amount of the Note or Line of Credit Bonds, as the case may be, required for consent to the above-permitted amendments or modifications.

Section 4.22. The Bank. The Bank may serve as the Note Registrar and the Note Depository regardless of its ownership of the Note. The Bank is further hereby authorized to authenticate the Note and any Notes issued in exchange or as replacements therefor prior to the delivery thereof.

Section 4.23. Note Depository. The Town may pay to the Note Depository from time to time reasonable compensation for all services rendered by the Note Depository and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Note Depository in connection with its performance of its functions hereunder. The Town shall from time to time have the right to appoint a successor Note Depository, provided that such successor Note Depository be a bank or national banking association located in the State and insured by the FDIC. The depository bank shall signify its acceptance of the duties and obligations hereby imposed by executing and delivering to the Town a written acceptance thereof.

Section 4.24. Note Registrar. The Note Depository shall also serve as the Note Registrar for the Note. The Note Depository's acceptance of the trusts and the duties of Note Depository provided for in Section 4.08 shall also include the

duties and obligations of Note Registrar. Any successor Note Registrar for the Note shall be designated by the Town in a Supplemental Resolution and must be a bank, trust company or national banking association. Any such successor Note Registrar shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Town a written acceptance thereof. The Note Registrar shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Note Registrar in connection with such services, solely from moneys available therefor.

Section 4.25. Notice to Authority and DEP. The Town shall give the Authority and the DEP written notice of the issuance of the Note, any Line of Credit Bonds or any bond anticipation notes authorized by Section 4.17 hereof.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts were either established by the Prior Ordinance or are created hereby 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.

Section 5.02. 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.

Section 5.03. 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 Amendatory 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 and herein provided.

(1) 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.

(2) The Town shall first, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the Prior Bonds Sinking Fund for payment of the principal of and interest on the Prior Bonds, and (i) simultaneously therewith, commencing 4 months prior to the first date of payment of interest on the Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on said Bonds on the next ensuing quarterly interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal on the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Town shall next transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the Prior Bonds Reserve Account and on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Bonds, if not fully funded upon issuance of the Bonds, apportion and set apart out of the Revenue

Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120 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.

(4) The Town shall next, from the moneys remaining in the Revenue Fund, on the first day of each month (as previously set forth in the Prior Ordinance and not in addition thereto), transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserve accounts established with respect to the Prior Bonds or 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 hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. 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 an amount 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 Bonds have been made in full.

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

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

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

Moneys in the Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Bonds and any additional Bonds ranking on a parity with them 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 Sinking Fund, including the Reserve Account 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 the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges then due. The Town shall also remit from the Revenue Fund to the Authority, on such dates as the Authority and the DEP shall require, the Town's allocable share of reasonable administrative expenses of the Authority relating to the Program, if any.

E. The moneys in excess of 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 System.

Section 5.04. Excess Bond Proceeds. The Town shall place any excess proceeds from the Original Bonds not required by the Project in the Reserve Account.

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Original Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Original Bonds, the following amounts shall be 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 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. Next, from the proceeds of the Bonds, there shall be deposited with the Commission in the Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Reserve Account.

C. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the Town as received from time to time in the Bond Construction Trust Fund hereinafter established.

D. There is hereby created and established with the Depository Bank a special fund, designated the "Bond Construction Trust Fund". The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction

Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in this Ordinance. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

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

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) A "Payment Requisition Form," attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by the Mayor and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursements theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Town.

ARTICLE VII

ADDITIONAL COVENANTS OF THE TOWN

Section 7.01. General Covenants of the Town. All the covenants, agreements and provisions set forth in the Prior 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 as if they were set forth in full in the Amendatory Ordinance. In addition to the other covenants, agreements and provisions of this Amendatory Ordinance, the Town hereby covenants and agrees with the owners of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds, or the interest thereon, is Outstanding and unpaid.

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith equally and ratably with the Subordinate Bonds by a first lien on the Net Revenues derived from the operation of the System and senior to the lien on the Net Revenues of the Supplemental Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Amendatory Ordinance and the Prior Ordinance are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds and the Prior Bonds as the same become due, and for the other purposes provided in the Ordinance.

Section 7.04. 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 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 Ordinances. 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 and the 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 and the reserve account for the Prior Bonds is funded at least at the requirement provided for in the Prior Ordinances, respectively, 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 7.05. Completion, Operation and Maintenance; Schedule of Cost. 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 the Ordinance.

Upon completion of the Project, the Town shall file with the Authority a schedule in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 7.06. Sale of the System. 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 either of the Prior Ordinances, 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. The Council may then, if it be so advised, as evidenced by certificates of the Consulting Engineers, by resolution duly adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars (\$10,000), or authorize such sale, lease or other disposition of such property upon public bidding if the amount to be received therefor is in excess of ten thousand dollars (\$10,000) but not in excess of fifty thousand dollars (\$50,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of \$10,000, shall be deposited in the Renewal and Replacement Fund. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$10,000 and not in excess of \$50,000, shall be remitted by the 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 7.07. 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 7.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. All obligations hereafter issued by the 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 Amendatory Ordinance or upon the System or any part thereof.

The Town shall give the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.08. Parity Bonds. A. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Amendatory Ordinance, except under the conditions and in the manner herein provided.

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent Accountants, based upon

the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the net revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

- (1) The 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 Engineers, which shall be filed in the office of the Recorder prior to the issuance of such additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such net revenues such additional net revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the 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 Bonds and the owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance shall rank equally with respect to their respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Town shall comply fully with all the increased payments into the various funds created in this Amendatory Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Amendatory 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 and the Bonds on such revenues. The Town shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Amendatory Ordinance and the Prior Ordinance on account of the Prior Bonds and the Bonds then Outstanding, and any other payments provided for in this Amendatory Ordinance or the Prior Ordinance, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Town shall then be in full compliance with all the covenants, agreements and terms of this Amendatory Ordinance.

B. 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 7.07 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 and DEP in 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.

Section 7.09. Insurance and Construction Bonds. The Town will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Town will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Bonds. The Town will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, to protect the interests of the Town, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Town shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Town will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Town shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Town.

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

Section 7.10. Consulting Engineers. The Town shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers. Such resident engineer shall certify to the Authority, the DEP and the Town at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Town shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Town shall notify the DEP in writing of such receipt. The Town shall submit a Performance Certificate, the form of which is attached as Exhibit A to the Loan Agreement, and is incorporated herein by reference, to the DEP within 60 days of the end of the first year after the Project is completed.

The Town shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Town agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Town agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Town shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

Section 7.11. Compliance With Loan Agreement, Rules and Regulations. The Town hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 7.12. No Free Services. 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 7.13. 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 7.14. No Competing Franchise. To the extent allowable by law, the Town will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.15. Books, Records and Facilities. The Town shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Town shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Town shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of

the Project, the operation and maintenance of the System and the administration of the Loan Agreement or Grant Receipts or other sources of financing for the Project.

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

The 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 the Ordinance shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the 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 Engineers and the Authority and DEP, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Prior Bonds, Bonds, Notes or other obligations Outstanding and secured by a lien on the Net Revenues of the System.

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 to the Authority and the DEP. The report of said audit shall include a statement that the Town is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Town's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

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

The Town shall, during construction of the Project, complete Payment Requisition Forms, the form of which is attached to the Loan Agreement as Exhibit C and is incorporated herein by reference, and forward a copy to the DEP in compliance with the Town's construction schedule.

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

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

Section 7.16. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by 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 Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.17. Mandatory Connection. The mandatory use of the sewerage facilities portion of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Town and to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matter from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

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

Section 7.18. Compliance with Loan Agreement. The Town agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Town will provide the DEP with copies of all documents submitted to the Authority.

Section 7.19. Tax Covenants. The Town hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Town shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the Town.

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

C. PRIVATE LOAN LIMITATION. The Town shall assure that not in excess of 5% of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

D. FEDERAL GUARANTEE PROHIBITION. The Town shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

F. FURTHER ACTIONS. The Town will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludible from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage

lien is hereby recognized and declared to be valid and binding and on a parity with the lien of the Subordinate Bonds, and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bonds.

Section 7.21. Rebate Covenant. The Town is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted above, the Original Bonds are not private activity bonds within the meaning of the Code, and ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Town. The Town reasonably expects it and all its subordinate entities to issue less than \$5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1992, in which the Original Bonds are to be issued. Therefore, the Town believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Town is in fact subject to such rebate requirements, the Town hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates as further described in Section 8.03. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of interest on the Original Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Amendatory 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 Amendatory Ordinance, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01 and in Sections 8.02 and 8.03.

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 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Town's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Town shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Original Bonds. In addition, the Town covenants to comply with all regulations from time to time in effect and applicable to the Original Bonds as may be necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1992 Subordinate Bonds and fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such regulations, regardless of whether such actions may be contrary to any of the provisions of the Ordinance.

If it is determined that the Town does not qualify for an exception to Section 148 of the Code or the Town is otherwise subject to rebate in connection with the Original Bonds, the Town shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Town shall deposit, or cause to be deposited, with the Depository Bank in a separate fund designated the Rebate Fund,

such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, if any, and used only for payment of rebatable arbitrage to the United States. The Town shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Town to be used for any lawful purpose of the System. The Town shall remit payments to the United States in the time and at the address prescribed by the regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Town shall assure that such payments are made by the Town to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Town shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Town. To the extent not so performed by the Authority, the Town and the Depository Bank (at the expense of the Town) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Town or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Town shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

The Town shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Town qualifies for the small governmental issue exception to rebate or any other exception therefrom, then the Town shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to

rebate. The Town shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as defined in the Code).

The Town shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

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

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(D) An "Event of Default" as defined in the Prior Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Bonds, any Registered Owner of such Bond may exercise any available remedy and

bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such registered Owners including the right to require the 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 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Town under the Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the 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 the Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, maintain, manage and control such facilities, and each and every part thereof, and in the name of the 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 the Ordinance and interest thereon and under any covenants of the Ordinance for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this

Ordinance shall have been cured and made good, possession of the System shall be surrendered to the 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 the Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and Bondholders, and the curing and making good of any default under the provisions of the Ordinance, and the title to and ownership of said System shall remain in the 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.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Town to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient to pay, as and when due, the principal of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if 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 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 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 10.02. Defeasance of Notes. The Notes shall be defeased as set forth in a resolution supplemental hereto.

ARTICLE XI

MISCELLANEOUS

Section 11.01. 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 11.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 11.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinance, in conflict with this Amendatory Ordinance are to the extent of such conflict repealed.

Section 11.04. 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 Amendatory Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 11.05. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

First Reading: August 13, 1992

Second Reading
and Passage: August 20, 1992

Public Hearing: Sept 18, 1992

This Ordinance was placed into effect following the public hearing held on Sept 10, 1992.

(SEAL)

Rande Wrothman
Recorder

John K. Vance
Mayor

EXHIBIT A

Project Description

The Town of Chapmanville proposes to upgrade its existing 200,000 gallons per day wastewater treatment plant to 400,000 gallons per day. The upgrade will include new head works (Bar Screen/Grit Chamber), 1 new treatment unit, aerobic digester, belt filter press, chlorination equipment, new metering and aeration system and all necessary appurtenances thereto. In addition, the 3 existing pumping stations will be refurbished.

EXHIBIT B

SRF-LP-1
(August 1992)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), and the local government designated below (the "Local Government").

(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by

such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

1.6 "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 "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.

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, 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 and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

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

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

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

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the

Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Local Government agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project) with all requisite appeal periods having expired, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

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

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

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

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

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows: ²

(i) That the Local Bonds shall be secured by the net revenues from the System;

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC,

prospective users of the System shall be required to connect thereto;

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

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

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

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

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

sufficient to pay the costs of acquisition and construction of the Project; and

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

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

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

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

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

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

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government 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 Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges 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 Local Government defaults in any payment due to the Authority pursuant to Section 4.2 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 Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 No waiver by any party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of

the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.5 This Loan Agreement 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.

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

[Proper Name of Local Government]

(SEAL)

By: _____
Its: _____

Attest:

Date: _____

Its _____

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: _____

Its:

Date: _____

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____

Its: Director

Attest:

Date: _____

Secretary-Treasurer

Approved as to form by the Office of the Attorney General

By: _____

Its: _____

Date: _____

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

	<u>CURRENT</u> <u>MONTH</u>	<u>YEAR TO</u> <u>DATE</u>	<u>BUDGET YEAR</u> <u>TO DATE</u>	<u>DIFFERENCE</u>
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. SRF Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this ____ day of _____, 19__.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection

4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this _____ day of _____, 19____.

By _____

West Virginia License No. _____

[SEAL]

EXHIBIT E

[Special Conditions]

[TO BE PROVIDED BY DEP FOR EACH PROJECT]

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

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

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Fund: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[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 "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, 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 _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on _____ 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"), and the bond _____ duly enacted by the Local Government on _____ (the "Local

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government 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 Local Government without the consent of the Authority.

3. The Local Government 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 Local Government has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$
Purchase Price of Bonds	\$

Interest on the Bonds shall be zero percent from the date of delivery to and including _____. Principal and interest on the Bonds is payable quarterly, commencing _____, at a rate of ___% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has [no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds] or [provide list of outstanding debt].

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

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and interest and such Bonds shall grant the Authority a [first] lien on the net revenues of the Local Government's system.

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

SCHEDULE Y

[Repayment Schedule]

ABB00168

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 the 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.

Dated this 20 day of August, 1992.

Claude Whitman
Recorder

[SEAL]
ABB0037E

Special Council Meeting held August 20, 1992 at 7:00 p.m.
at the Municipal Building.

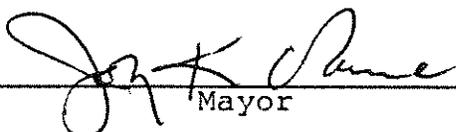
Meeting held to entertain the 2nd. reading and adopt the
Amendatory and Supplemental Bond. Notes ordiance and to
adopt a Resolution authorizing the publication of an ab-
stract of Said Ordiance and the Notice of a Public Hearing
on Said Ordiance.

Present: Mayor Joy Vance, Recorder Claude Workman. Council
members, Dale Simmons, Dave Chapman, O.T. Mullins, Bill
Cunningham, Kathy Ellis, Danny Williams, B.L. Spaulding,
Angie Fenton from Jackson & Kelly, and Jerry Godby.

Motion to approve 2nd reading and adopt the Amendatory &
Supplemental Bond and Notes Ordiance was made by Dale
Simmons second by David Chapman. All in favor of 2nd.
reading by Title.

Motion to adopt a Resolution authorizing the Publication
of an abstract of said Ordiance and the Notice of a Public
Hearing of said Ordiance was made by O.T. Mullins second
by Dave Chapman. All in favor.

Motion to adjourn was made by O.T. Mullins second by Dave
Chapman. All in favor.



Mayor



Recorder

Introduced in Council:

Introduced by:

August 20, 1992

Town Recorder

Adopted by Council:

August 20, 1992

A Resolution finding that an Amendatory and Supplemental Bond and Note Ordinance was adopted by the Council of the Town of Chapmanville, West Virginia, on August 20, 1992, amending and supplementing the Bond Ordinance passed by the Council on March 10, 1986, authorizing the acquisition and construction of a wastewater treatment facility consisting 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 \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992, 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; authorizing a revolving line of credit in an amount not to exceed \$200,000 to provide funds for such acquisition and construction to the extent bond proceeds,

and an agreement with respect to said Line of Credit; authorizing issuance of a combined waterworks and sewerage system construction note of the Town of Chapmanville in the stated principal amount not to exceed \$200,000 to evidence the Town's obligation to repay any draws upon said Line of Credit; providing for the rights and remedies of and security for the owners of such bonds and note; and adopting other provisions related thereto; finding that an abstract of said Amendatory and Supplemental Bond and Note Ordinance, together with a notice that said Ordinance has been adopted, that the Town contemplates the issuance of the Bonds and the Note, all as described in said Ordinance, and that any person interested may appear before the Council of the Town of Chapmanville upon a certain date and present protests, must be published; reviewing the abstract prepared on behalf of the Town 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 (the "Council") of the Town of Chapmanville, West Virginia (the "Town"), on August 20, 1992, adopted an Amendatory and Supplemental Bond and Note Ordinance (the "Ordinance"), amending and supplementing the Bond Ordinance passed by the Council on March 10, 1986 (the "Prior Ordinance"); authorizing the acquisition and construction of a wastewater treatment facility consisting of certain extensions, additions, betterments and improvements to the combined waterworks and sewerage system of the Town; authorizing the issuance of not more

than \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "1992 Bonds"), 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; authorizing a revolving line of credit in an amount not to exceed \$200,000 (the "Line of Credit") to provide funds for such acquisition and construction to the extent bond proceeds, grant receipts or other funds are not timely available therefore, and an agreement with respect to said Line of Credit; authorizing issuance of a combined waterworks and sewerage system construction note (the "Note") of the Town of Chapmanville in the stated principal amount not to exceed \$200,000 to evidence the Town's obligation to repay any draws upon said Line of Credit; providing for the rights and remedies of and security for the owners of such bonds and note; and adopting other provisions related thereto, all as more fully set out therein (said Amendatory and Supplemental Bond and Note Ordinance is referred to as the "Ordinance");

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 adopted, that the Town contemplates the issuance of the Bonds, the Note and, if necessary, the line of credit bonds,

all as described in the Ordinance, and that any person interested may appear before the Council upon a certain date and present protests, be published; and

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

WHEREAS, the Town Recorder presented to this meeting an abstract of the Ordinance (the "Abstract"), together with a notice as described above (the "Notice"), as set forth in Exhibit A attached hereto and incorporated herein by reference; and

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

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

1) It is hereby found and determined that the Ordinance was duly adopted by the Council at its special meeting duly called and held on August 20, 1992, and that the Act requires that the Abstract, together with the Notice, be published.

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

3) The Town 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.

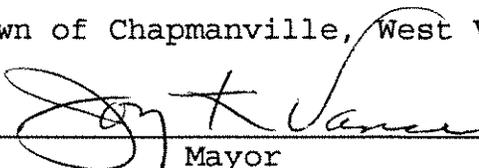
4) The Council of the Town, as provided in the Notice, shall meet on Thursday, September 10, 1992, at 7:00 p.m., prevailing time, in Council Chambers in the Municipal Building, for the purpose of hearing all protests and suggestions regarding whether the Ordinance shall be put into effect.

5) The Town Recorder is hereby authorized and directed to cause the Abstract, together with the Notice, to be published as a Class II legal advertisement in The Logan Banner and The Guyandotte Voice, newspapers of general circulation in the Town, and the first publication of the Abstract and Notice shall be not less than ten days before the date set aforesaid at which interested persons may appear before the Council of the Town and present protests, and the last publication of the Abstract and Notice shall be prior to said date set aforesaid.

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

7) This Resolution shall take effect immediately upon adoption.

The Town of Chapmanville, West Virginia



Mayor

[SEAL]



Town Recorder

Approved as to Form:



Town Attorney

EXHIBIT A

ABSTRACT OF ORDINANCE AND NOTICE OF PUBLIC HEARING

Notice is hereby given to any person interested that on August 20, 1992, the Council of The Town of Chapmanville, West Virginia, adopted an ordinance (the "Ordinance") that:

1. Amended and supplemented the Bond Ordinance passed by the Council on March 10, 1986 (the "Prior Ordinance") and that the bonds and note described below are issued under the Prior Ordinance as amended and supplemented thereby.

2. Determined that it is necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be acquired and constructed certain additional extensions, additions, betterments and improvements to the existing combined waterworks and sewerage facilities of the Town, consisting primarily of 400,000 gallons per day secondary wastewater treatment plant (the "Project") (the existing waterworks and sewerage facilities, together with the Project and any further extensions, additions, betterments and improvements thereto, are referred to as the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers. The estimated maximum cost of the construction of the Project is \$1,585,301, of which approximately \$750,000 will be obtained from a Grant from the Small Cities Block Grant Program and the remainder will be permanently obtained from the proceeds of the 1992 Bonds described below. The cost of the Project may be revised to reflect conditions imposed by the West Virginia Division of Environmental Protection (the "DEP").

3. The Town authorized the acquisition and construction of the Project and the financing of the costs, not otherwise provided, for the Project through the issuance of not more than \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "1992 Bonds").

4. Pledged to the payment of the 1992 Bonds the net revenues of the System derived from the rates for service, including the rates adopted by the Council on March 12, 1992.

5. Authorized the establishment of a revolving line of credit (the "Line of Credit") in an amount not to exceed \$200,000 and a Waterworks and Sewerage System Construction Note to evidence the Town's obligation to repay draws upon the Line of Credit (the "Note"); and provided that the terms of the Note and the agreement with respect to the Line of Credit be approved by a supplemental resolution.

6. Authorized the issuance, if necessary, of not more than \$200,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds (the "Line of Credit Bonds") to pay the principal of and interest on the Note.

7. Provided for the sale of the 1992 Bonds to the West Virginia State Revolving Loan Fund Program acting through the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and conditions of the loan agreement (the "Loan Agreement") to be entered into among the Town, the DEP and the Authority.

8. Continued the funds and accounts established under the Prior Ordinance, created new accounts for the 1992 Bonds and provided for increased deposits on account of the 1992 Bonds.

9. Provided for the disbursement of 1992 Bond proceeds; created the 1992 Bond Construction Trust Fund to hold the 1992 Bond proceeds pending their use for Project costs; and provided for the disposition of excess 1992 Bond proceeds.

10. Provided that the 1992 Bonds, the Note and the Line of Credit Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the funds pledged

for such payment from the sources described in the Ordinance.

11. Provided that the 1992 Bonds shall have a lien on the net revenues of the System on a parity with or superior to the bonds issued under the Prior Ordinance.

12. Required that the rates and charges for the System always be adequate to produce gross revenues from the System sufficient to pay the operating expenses of the System, provide adequate reserve accounts and to make the prescribed payments into the funds and accounts created under the Prior Ordinance and the Ordinance, and, specifically, that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation and maintenance of the System and leave a balance each year equal to at least 115% of the maximum principal and interest due on the 1992 Bonds, the bonds issued under the Prior Ordinance and any other bonds prior to or on a parity with the 1992 Bonds in any year; provided that when the reserve accounts for all bonds issued under the Ordinance and the Prior Ordinance are funded at the required level, the balance each year must be equal to at least 110 % of the maximum principal and interest due on the 1992 Bonds, the bonds issued under the Prior Ordinance and any other bonds prior to or on a parity with the 1992 Bonds in any year.

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

14. Reaffirmed, with slight modifications, the covenants and agreements made under the Prior Ordinance and added the covenants and agreements required by the Loan Agreement.

15. Provided for the investment of the 1992 Bond proceeds and limitations thereon, intended to prevent the 1992 Bonds from being

"private activity bonds," and provided for the filing of statements and returns necessary to assure the exclusions of interest from gross income for federal income tax purposes.

16. Provided covenants against making the 1992 Bonds "arbitrage bonds" and directed that the Town deliver a certificate of arbitrage, a tax certificate or similar certificate relating to the payment of arbitrage rebate.

The Town contemplates the issuance of the Bonds, the Note and, if necessary, the Line of Credit Bonds described in, and under the conditions set forth in, the Ordinance. Any person interested may appear before the Council of the Town at a meeting thereof at 7:00 p.m., prevailing time, on Thursday, September 10, 1992, in the Council Chambers in the Municipal Building, Chapmanville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the Town on August 20, 1992, is on file in the office of the Town Recorder for review by interested persons during the regular office hours of such office, to-wit: 8:30 a.m. to 4:00 p.m., Mondays through Fridays.


Town Recorder
Town of Chapmanville, West Virginia

ABB00CA1

Introduced in Council:

September 10, 1992

Adopted by Council:

September 10, 1992

A Resolution finding that the Council of the Town of Chapmanville, West Virginia, on August 20, 1992, adopted an Amendatory and Supplemental Bond and Note Ordinance and a Resolution directing that an abstract of said Ordinance, together with a notice that, among other things, any person interested may appear before the Council upon a certain date and present protests, be published; finding that said abstract and notice have been duly published; finding that the Council met and heard all objections and suggestions regarding whether said Ordinance should be put into effect; and ordering that said Ordinance be put into effect and that the bonds and note be issued as provided therein.

WHEREAS, the Council (the "Council") of the Town of Chapmanville, West Virginia (the "Town"), on August 20, 1992, adopted an Amendatory and Supplemental Bond and Note Ordinance, amending and supplementing the Bond Ordinance passed by the Council on March 10, 1986, authorizing the acquisition and construction of a wastewater treatment facility consisting of certain extensions, additions, betterments and improvements to the existing combined waterworks and sewerage system of the Town and the financing of the costs thereof, not otherwise provided, through the issuance by the Town of not more than \$1,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "1992 Bonds"); authorizing a revolving line of credit in an amount not to exceed \$200,000 (the "Line of Credit") to provide funds for such acquisition and construction to the extent 1992 Bond proceeds, grant receipts or other funds are not timely available, an agreement with respect to said Line of Credit and a note (the "Note") to evidence the Town's obligation to repay any draws upon the Line of Credit; defining and prescribing the terms and provisions of the 1992 Bonds and the Note; providing for the rights

and remedies of and security for the registered owners of the 1992 Bonds and the Note; and adopting other provisions related thereto, all as more fully set out therein (said Amendatory and Supplemental Bond and Note Ordinance is referred to as the "Ordinance");

WHEREAS, the Council on August 20, 1992, adopted a Resolution (the "Resolution") which, pursuant to Chapter 8, Article 20, Section 4, of the Code of West Virginia, 1931, as amended (the "Act"), directed the Recorder to publish an abstract of the Ordinance (the "Abstract"), together with a notice that the Ordinance had been adopted, that the Town contemplated the issuance of the 1992 Bonds and the Note and, if necessary, all as described in the Ordinance and that any person interested might appear before the Council upon a certain day 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 Guyandotte Voice and the first publication of the 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 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 Notice provided for a public hearing to be held in the Municipal Building at 7:00 p.m., prevailing time, on September 10, 1992;

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 and the Guyandotte Voice, newspapers of general circulation in the Town, with the first publication thereof being on August 27, 1992, which was not less than ten (10) days before the date set for the public hearing, and with the last publication thereof being on September 3, 1992, which was prior to said date set for the public hearing, and copies of the Affidavits of Publication reflecting such publication are attached hereto and incorporated herein;

(B) That, in accordance with the Resolution and 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, Municipal Building, Chapmanville, West Virginia, on September 10, 1992, at 7:00 p.m., prevailing time, in accordance with the Resolution and Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Ordinance should be put into effect, and heard all protests 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 freeholders of the Town.

(2) The Ordinance shall be put into effect as of the date hereof, and the 1992 Bonds and the Note, if necessary, contemplated thereby shall be issued, all as provided in the Ordinance.

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

TOWN OF CHAPMANVILLE, WEST VIRGINIA

(SEAL)

By 
Mayor


Recorder

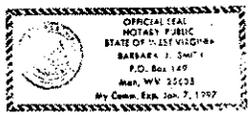
ABB00FF7

Mary C. Sewelle, Classified Manager of THE LOGAN BANNER, a newspaper published in Logan County, West Virginia, do hereby certify that the annexed notice was published in said paper for 2 successive times on the following dates: August 27 and September 3, 1992. Given under my hand this 4th day of September, 1992.

Mary C. Sewelle
CLASSIFIED MANAGER

State of West Virginia
County of Logan, to-wit

Subscribed and sworn before me this 4th day of September, 1992.



Barbara J. Smith
NOTARY PUBLIC

COPY OF PUBLICATION

ABSTRACT OF ORDINANCE AND NOTICE OF PUBLIC HEARING

Notice is hereby given to any person interested that on August 20, 1992, the Council of the Town of Chapmanville, West Virginia, adopted an ordinance (the "Ordinance") that:

1. Amended and supplemented the Bond Ordinance passed by the Council on March 10, 1988 (the "Prior Ordinance") and that the bonds and note described below are issued under the Prior Ordinance as amended and supplemented thereby.
2. Determined that it is necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be acquired and constructed certain additional extensions, additions, betterments and improvements to the existing combined waterworks and sewerage facilities of the Town, consisting primarily of 400,000 gallons per day secondary wastewater treatment plant (the "Project") (the existing waterworks and sewerage facilities, together with the Project and any further extensions, additions, betterments and improvements thereto, are referred to as the "System") in accordance with the plans and specifications prepared by the Consulting Engineers. The estimated maximum cost of the construction of the Project is \$1,585,301, of which approximately \$750,000 will be obtained from a Grant from the Small Cities Block Grant Program and the remainder will be permanently obtained from the proceeds of the 1992 Bonds described below. The cost of the Project may be revised to reflect conditions imposed by the West Virginia Division of Environmental Protection (the "DEP").
3. The Town authorized the acquisition and construction of the Project and the financing of the costs, not otherwise provided, for the Project through the issuance of not more than \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "1992 Bonds").
4. Pledged to the payment of the 1992 Bonds the net revenues of the System derived from the rates for services, including the rates adopted by the Council on March 12, 1992.
5. Authorized the establishment of a revolving line of credit (the "Line of Credit") in an amount not to exceed \$200,000 and a Waterworks and Sewerage System Construction Note to evidence the Town's obligation to repay draws upon the Line of Credit (the "Note"); and provided that the terms of the Note and the agreement with respect to the Line of Credit be approved by a supplemental resolution.
6. Authorized the issuance, if necessary, of not more than \$200,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds (the "Line of Credit Bonds") to pay the principal of and interest on the Note.
7. Provided for the sale of the 1992 Bonds to the West Virginia State Revolving Loan Fund Program acting through the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and conditions of a loan agreement (the "Loan Agreement") to be entered into among the Town, the DEP and the Authority.
8. Continued the funds and accounts established under the Prior Ordinance, created new accounts for the 1992 Bonds and provided for increased deposits on account of the 1992 Bonds.
9. Provided for the disbursement of 1992 Bond proceeds; created the 1992 Bond Construction Trust Fund to hold the 1992 Bond proceeds pending their use for Project costs; and provided for the disposition of excess 1992 Bond proceeds.
10. Provided that the 1992 Bonds, the Note and the Line of Credit Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the funds pledged for such payment from the sources described in the Ordinance.
11. Provided that the 1992 Bonds shall have all the force and effect of the System on a parity with or superior to the bonds issued under the Prior Ordinance.
12. Required that the rates and charges for the System always be adequate to produce gross revenues from the System sufficient to pay the operating expenses of the System, provide adequate reserve accounts and to make the prescribed payments into the fund and accounts created under the Prior Ordinance and the Ordinance, and specifically, that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation and maintenance of the System and leave a balance each year equal to at least 115% of the maximum principal and interest due on the 1992 Bonds, the bonds issued under the Prior Ordinance and any other bonds prior to or on a parity with the 1992 Bonds in any year; provided that when the Ordinance and the Prior Ordinance are funded at the required level, the balance each year must be equal to at least 110% of the maximum principal and interest due on the 1992 Bonds; the bonds issued under the Prior Ordinance and any other bonds prior to or on a parity with the 1992 Bonds in any year.
13. Provided that the Project will be completed in accordance with the plans and specifications prepared by the Consulting Engineers and that the Town will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner.
14. Reaffirmed, with slight modifications, the covenants and agreements made under the Prior Ordinance and added the covenants and agreements required by the Loan Agreement.
15. Provided for the investment of the 1992 Bond proceeds and limitations thereon, intended to prevent the 1992 Bonds from being "private activity bonds," and provided for the filing of statements and returns necessary to assure the exclusions of interest from gross income for federal income tax purposes.
16. Provided covenants against making the 1992 Bonds "arbitrage bonds" and directed that the Town deliver a certificate of arbitrage, a tax certificate or similar certificate relating to the payment of arbitrage rebate.

The Town contemplates the issuance of the Bonds, the Note and, if necessary, the Line of Credit Bonds described at the System on a parity with or superior to the bonds set forth in the Ordinance. Any person interested may appear before the Council of the Town at a meeting thereof at 7:00 p.m., preferably, September 10, 1992, in the Council Chambers in the Municipal Building, Chapmanville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the Town on August 20, 1992, is on file in the office of the Town Recorder for review by interested persons during the regular office hours of such office, to-wit: 9:00 a.m. to 4:00 p.m., Mondays through Fridays.

CLAUDE WORKMAN,
Town Recorder,
Town of Chapmanville,
West Virginia.

AFFIDAVIT OF PUBLICATION

I, Jerry Godby, Editor of the GUYANDOTTE VOICE, a weekly newspaper published in Chapmanville, Logan County, West Virginia, do hereby certify that the attached NOTICE was published in said newspaper for 2 (consecutive) time(s) on the following date(s):

8-27-92 & 9-3-92

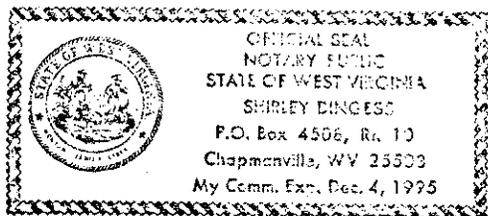
Given under my hand this 8th day of Sept., 19 92

Jerry Godby
Editor

State of West Virginia;
County of Logan, to-wit:

Subscribed and sworn before me this 8th day of Sept., 19 92

Shirley Dingess
Notary Public



My Comission Expires: 12/4/95

For Details, Call (304) 855-3588

FOR SALE
 BY OWNER: 5-room house at Godby Heights. 3 BR. New central air. On 198 X 200 lot. \$69,000. By appointment only. 752-6410.

MOBILE HOMES
 TOPPINS MOBILE HOME SUPPLY A PARTS, seven miles north of Chapmanville on Green Shoal Road. 855-9877.

GENERAL SERVICES
 B&M REPAIR, INC.—Myers Centrifugal Deep Well Submersible Pumps For Home, Farm & Industry. West Logan, 752-1851.

BAKER'S AUTO REPAIR. Latest computer analysis equipment. Complete line of hitches and radiators in stock. 855-4899.

4TH DIMENSION PHOTOGRAPHY—Weddings, reunions, portraits. Also specialized portraits. Call Roger or Shirley Dingess, 855-4237 or 855-3588 for appointment.

LEGAL ADVERTISEMENT

ABSTRACT OF ORDINANCE AND NOTICE OF PUBLIC HEARING
 Notice is hereby given to any person interested that on August 20, 1992, the Council of the Town of Chapmanville, West Virginia, adopted an ordinance (the "Ordinance") that:

1. Amended and supplemented the Bond Ordinance passed by the Council on March 10, 1986 (the "Prior Ordinance") and that the bonds and notes described below are issued under the Prior Ordinance as amended and supplemented thereby.
 2. Determined that it is necessary and desirable for the health, care and safety of the inhabitants of the Town that there be acquired and constructed certain additional extensions, additions, betterments and improvements to the existing combined waterworks and sewerage facilities of the Town, consisting primarily of 400,000 gallons per day secondary wastewater treatment plant (the "Project") (the existing waterworks and sewerage facilities, together with the Project and any further extensions, additions, betterments and improvements thereto, are referred to as the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers. The estimated maximum cost of the construction of the Project is \$1,585,301, of which approximately \$750,000 will be obtained from a Grant from the Small Cities Block Grant Program and the remainder will be permanently obtained from the proceeds of the 1992 Bonds described below. The cost of the Project may be revised to reflect conditions imposed by the West Virginia Division of Environmental Protection (the "DEP").
 3. The Town authorized the acquisition and construction of the Project and the financing of the costs, not otherwise provided, for the Project through the issuance of not more than \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "1992 Bonds").
 4. Pledged to the payment of the 1992 Bonds the net revenues of the System derived from the rates

for service, including the rates adopted by the Council on March 12, 1992.

5. Authorized the establishment of a revolving line of credit (the "Line of Credit") in an amount not to exceed \$200,000 and a Waterworks and Sewerage System Construction Note to evidence the Town's obligation to repay draws upon the Line of Credit (the "Note"); and provided that the terms of the Note and the agreement with respect to the Line of Credit be approved by a supplemental resolution.

6. Authorized the issuance, if necessary, of not more than \$200,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds (the "Line of Credit Bonds") to pay the principal of and interest on the Note.
 7. Provided for the sale of the 1992 Bonds to the west Virginia State Revolving Loan Fund Program acting through the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and conditions of the loan agreement (the "Loan Agreement") to be entered into among the Town, the DEP and the Authority.
 8. Continued the funds and accounts established under the Prior Ordinance, created new accounts for the 1992 Bonds and provided for increased deposits on account of the 1992 Bonds.
 9. Provided for the disbursement of 1992 Bond proceeds; created the 1992 Bond Construction Trust Fund to hold the 1992 Bond proceeds pending their use for Project costs; and provided for the disposition of excess 1992 Bond proceeds.
 10. Provided that the 1992 Bonds, the Note and the Line of Credit Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the funds pledged for such payment from the sources described in the Ordinance.

11. Provided that the 1992 Bonds shall have a lien on the net revenues of the System on a parity with or superior to the bonds issued under the Prior Ordinance.
 12. Required that the rates and charges for the System always be adequate to produce gross revenues from the System sufficient to pay the operating expenses of the System, provide adequate reserves accounts and to make the prescribed payments into the funds and accounts created under the Prior Ordinance and the Ordinance, and, specifically, that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation and maintenance of the System and leave a balance each year equal to at least 115% of the maximum principal and interest due on the 1992 Bonds, the bonds issued under the Prior Ordinance and any other bonds prior to or on a parity with the 1992 Bonds in any year; provided that when the reserve accounts for all bonds issued under the Ordinance and the Prior Ordinance are funded at the required level, the balance each year must be equal to at least 110% of the maximum principal and interest due on the 1992 Bonds, the bonds issued under the Prior Ordinance and any other bonds prior to or on a parity with the 1992 Bonds in any year.
 13. Provided that the Project will be completed in accordance with the plans and specifications prepared by the Consulting Engineers and that the Town will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner.
 14. Reaffirmed, with slight modifications, the covenants and agreements made under the Prior Ordinance and added the covenants

and agreements required by the Loan Agreement.
 15. Provided for the investment of the 1992 Bond proceeds and limitations thereon, intended to prevent the 1992 Bonds from being "private activity bonds," and provided for the filing of statements and returns necessary to assure the exclusions of interest from gross income for federal income tax purposes.
 16. Provided covenants against making the 1992 Bonds "arbitrage bonds" and directed that the Town deliver a certificate of arbitrage, a tax certificate or similar certificate relating to the payment of arbitrage rebate.
 The Town contemplates the issuance of the Bonds, the Note and, if necessary, the Line of Credit Bonds described in, and under the conditions set forth in, the Ordinance. Any person interested may appear before the Council of the Town at a meeting thereof at 7:00 p.m., prevailing time, on Thursday, September 10, 1992, in the Council Chambers in the Municipal Building, Chapmanville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.
 A certified copy of the Ordinance as adopted by the Council of the Town on August 20, 1992, is on file in the office of the Town Recorder for review by interested persons during the regular office hours of such office, to-wit: 8:30 a.m. to 4:00 p.m., Mondays through Fridays.
CLAUDE WORKMAN,
 Town Recorder
 Town of Chapmanville, West Virginia

and agreements required by the Loan Agreement.
 15. Provided for the investment of the 1992 Bond proceeds and limitations thereon, intended to prevent the 1992 Bonds from being "private activity bonds," and provided for the filing of statements and returns necessary to assure the exclusions of interest from gross income for federal income tax purposes.
 16. Provided covenants against making the 1992 Bonds "arbitrage bonds" and directed that the Town deliver a certificate of arbitrage, a tax certificate or similar certificate relating to the payment of arbitrage rebate.
 The Town contemplates the issuance of the Bonds, the Note and, if necessary, the Line of Credit Bonds described in, and under the conditions set forth in, the Ordinance. Any person interested may appear before the Council of the Town at a meeting thereof at 7:00 p.m., prevailing time, on Thursday, September 10, 1992, in the Council Chambers in the Municipal Building, Chapmanville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.
 A certified copy of the Ordinance as adopted by the Council of the Town on August 20, 1992, is on file in the office of the Town Recorder for review by interested persons during the regular office hours of such office, to-wit: 8:30 a.m. to 4:00 p.m., Mondays through Fridays.
CLAUDE WORKMAN,
 Town Recorder
 Town of Chapmanville, West Virginia

\$3.00
 For The First 15 W
 15c For Each Additor

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FREE DEBT CONSOLIDATION with credit service 82K to \$30K. Cut monthly payments to 50%. KCC (non-profit) 1-800-225-0190, 9a.m.-11a.m. EST.

FOR SALE
 Time share units and campground memberships. Distress sales - Cheap! Worldwide selections. Call VACATION NETWORK U.S. and Canada 1-800-736-8250 or 305-586-2205. Free rental information 305-583-5518.

HELP WANTED
 PHYSICIAN'S ASSISTANT or NURSE PRACTICER. West Virginia based, to work with a psychiatrist in outpatient and inpatient settings. Experience with psychi-

atric patients preferred. Submit resume to Box A-2723 c/o Backley Newspapers, Beckley, WV 25801.

FRIENDLY HOME PARTIES HAS OPENINGS for demonstrators. No cash investment. No Service Charge. High commission and hostess awards. Two catalogs, over 600 items. CALL 1-800-488-4875.

Professional positions in children's daycare. Four year degree required. 13 county area. To apply call 304-882-9371 or WCCO, Box 1509, Coopers, WV 24870. EOE 8-16-92.

Earn up to \$4000.00 per month working at home processing mortgage refunds. No experience necessary. 304-353-3205.

BRAXTON COUNTY SCHOOLS is seeking a Speech Therapist. For more information, contact Dave MacChesney, Director of Special Education, 400 Fourth Street, Sutton, WV 26601. 304-765-7101.

•• AVON •• Recruiting "Sales" Representatives. All Areas. Opportunities Unlimited. \$ & Call 1-800-773-5020 \$ \$.

CARDIAC OR VASCULAR Ultrasound Technologist. Experience required. Company vehicle, excellent pay and benefit package. No weekends. 1-800-600-5155.

ULTRASONOGRAPHER - Register eligible or certified sonographer needed for expanding ultrasound

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INSTRUMENTS
 OLDER GUITARS WANTED: I will pay up to \$10,000 for certain models of the following brands: Gibson, Fender, Gretsch, Martin. 703-774-8640, Roanoke, Virginia.

PERSONAL
 TALKING PERSONALS- for Dates and Friends! Hear dating ads, record yours. 1-800-078-8544 \$27 min. 1hr. CONNECTIONS USA, Ft. Lauderdale, FL. Info: 305-525-5433, x8222. It's Fun!

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- LAND**
BIG HOLEY: 4 acres. \$19,999.
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- BIG HOLEY:** 2 level acres with septic system. \$19,50
- LIMESTONE BRANCH:** 3 3/4 acres. \$19,999.
- CRAWLEY ROAD 23-** plus acres in private setting. \$7,999.
- BIG HOLEY:** Ready to sell! 288 acres with appropriate less. \$37,999.

Public Hearing Meeting For The Amendatory and Supplemental Bond and Ordinance for Upgrading Wastewater System.

September 10, 1992 @ 7:00 P.M.

Present: Bill Cunningham with Ghosh Engineering. Samme Gee from Jackson & Kelly. Mayor Joy Vance, Councilmen: O.T. Mullins, Dale Simmons, Scot Chapman, Dave Chapman. Attorney B.L. Spaulding. Jerry Godby, Johnny Wood & friend.

Meeting called to order by Mayor Vance.

Samme Gee read the Amendatory and Supplemental Bond & Note Ordinance by Title. There was no protest with regards to the Bond & Note Ordinance from the Public or Council Members .

This Resolution shall be effect upon its adoption.

Meeting adjourn.

77

Regular Council Meeting Sept. 10, 1992, @ 7:15 p.m.
following Public Hearing Meeting. at Municipal
Building.

Present: Mayor Joy Vance, Council Members, O.T. Mullins, Dale Simmons, Scot Chapman, Dave Chapman. Samme Gee, Bill Cunningham. Jerry Godby, Johnny Wood and Friend.

Minutes from the Regular and Special Meetings held Aug. 13, and Aug. 20, 1992 will be read at the next Council Meeting held on Sept. 24, 1992. motion to approve bt Scot Chapman, second by Dale Simmons. All in favor.

Samme Gee read the Amendatory and Supplemental Bond & Note Ordinance by title. The Ordinance that amended and supplemented the Bond Ordinance passed by Council on March 10, 1986. Motion to inact and adopt third reading of the Ordinance by title was made by Dale Simmons, second by Scot Chapman. All in favor. Dave Chapman obstained.

Mayor addressed council concerning first payment to Ghosh Engineering of &2,424.81 for basic engineering. Motion to approve payment was made by Dave Chapman, second by Dale Simmons. All in favor. Invoice # 540429PE-S

Mayor reports letter from Governor Caperton approving the Towns application for \$627,750. for the completion of the Wastewater Improvements Project. Breakdown of Funding is:

SRF Loan	\$757,533.
HUD CDBG	717,750.
Gov. Conting-	
ency Fund.	32,250.
EPA Grant	77,768.
Local Funds	67,099.
Total	<u>\$1,652,400.</u>

Ground breaking should be in October, 1992.

Building permits: Carolyn Knox , deck on Trailer costing \$200.00. Madge Stollings, small house costing \$9,000.00. Motion to approve made by Scot Chapman, second by O.T. Mullins. All in favor.

Mayor reports Grant Workshop on Oct. 29, 1992. She would like to attend. The workshop cost \$125.00. Motion to approve was made by Dave Chapman, second by Dale Simmons. All in favor.

Mayor reports Recycling Month is October. Discusses with council the possibility of having a Recycling dumpster put in Town. Mayor will report on this next meeting. Need location.

Mayor reports that John Farley has started fixing the sidewalks in Town. Putting cement in holes.

Dale Simmons ask Council about Fire Hydrant in the Commerce Park area.

Mayor reports Street lights needed near High School, Will check this out.

Mayor will advise Police Officers to talk with people parking on sidewalks at Freeman Furniture and Legion Hall. Blocking the sidewalks.

Jerry Godby will put notice in paper for everyone to observe and obey cross-walk signs.

Motion to adjourn made by Dave Chapman second by O.T. Mullins. All in Favor.

Jay K. Sam

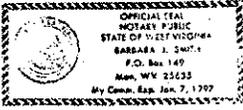
Claude Wortman

Mary C. Seestelle Classified Manager of THE LOGAN BANNER, a newspaper published in Logan County, West Virginia, do hereby certify that the annexed notice was published in said paper for 2 successive times on the following dates: August 27 and September 3, 1992. Given under my hand this 4th day of September, 1992.

Mary C. Seestelle
CLASSIFIED MANAGER

State of West Virginia
County of Logan, to-wit

Subscribed and sworn before me this 4th day of September, 1992.



Barbara J. Smith
NOTARY PUBLIC

COPY OF PUBLICATION

ABSTRACT OF ORDINANCE AND NOTICE OF PUBLIC HEARING

Notice is hereby given to any person interested that on August 20, 1992, the Council of the Town of Chapmanville, West Virginia, adopted an ordinance (the "Ordinance") that:

1. Amended and supplemented the Bond Ordinance passed by the Council on March 10, 1988 (the "Ordinance") and that the bonds and note described below are issued under the Prior Ordinance as amended and supplemented thereby.
2. Determined that it is necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be acquired and constructed certain additional extensions, additions, betterments and improvements to the existing combined waterworks and sewerage facilities of the Town, consisting primarily of 400,000 gallons per day secondary wastewater treatment plant (the "Project") (the existing waterworks and sewerage facilities, together with the Project and any further extensions, additions, betterments and improvements thereto, are referred to as the "System"). In accordance with the plans and specifications prepared by the Consulting Engineers. The estimated maximum cost of the construction of the Project is \$1,585,301, of which approximately \$750,000 will be obtained from a Grant from the Small Cities Block Grant Program and the remainder will be permanently obtained from the proceeds of the 1992 Bonds described below. The cost of the Project may be revised to reflect conditions imposed by the West Virginia Division of Environmental Protection (the "DEP").
3. The Town authorized the acquisition and construction of the Project and the financing of the costs, not otherwise provided, for the Project through the issuance of not more than \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "1992 Bonds").
4. Pledged to the payment of the 1992 Bonds the net revenues of the System derived from the rates for service, including the rates adopted by the Council on March 12, 1992.
5. Authorized the establishment of a revolving line of credit (the "Line of Credit") in an amount not to exceed \$200,000 and a Waterworks and Sewerage System Construction Note to evidence the Town's obligation to repay drawn upon the Line of Credit (the "Note") and provided that the

6. Authorized the issuance, if necessary, of not more than \$200,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds (the "Line of Credit Bonds") to pay the principal of and interest on the Note.
7. Provided for the sale of the 1992 Bonds to the West Virginia State Revolving Loan Fund Program acting through the West Virginia Water Development Authority (the "Authority") pursuant to the terms and conditions of the loan agreement (the "Loan Agreement") to be entered into among the Town, the DEP and the Authority.
8. Continued the funds and accounts established under the Prior Ordinance, created new accounts for the 1992 Bonds and provided for increased deposits on account of the 1992 Bonds.
9. Provided for the disbursement of 1992 Bond proceeds; created the 1992 Bond Construction Trust Fund to hold the 1992 Bond proceeds pending their use for Project costs; and provided for the disposition of excess 1992 Bond proceeds.
10. Provided that the 1992 Bonds, the Note and the Line of Credit Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the funds pledged for such payment from the sources described in the Ordinance.
11. Provided that the 1992 Bonds shall have a lien on the net revenues of the System on a parity with or superior to the liens on the net revenues of the System of the Prior Ordinance.
12. Required that the rates and charges for the System always be adequate to produce gross revenues from the System sufficient to pay the operating expenses of the System, provide adequate reserve accounts and to make the prescribed payments into the funds and accounts created under the Prior Ordinance and the Ordinance; and specifically that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation and maintenance of the System and leave a balance each year equal to at least 15% of the maximum principal and interest due on the 1992 Bonds, the bonds issued under the Prior Ordinance and any other bonds prior to or on a

13. Provided that the Project will be completed in accordance with the plans and specifications prepared by the Consulting Engineers and that the Town will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner.
 14. Reaffirmed, with slight modifications, the covenants and agreements made under the Prior Ordinance and added the covenants and agreements required by the Loan Agreement.
 15. Provided for the investment of the 1992 Bond proceeds and limitations thereon. Intended to prevent the 1992 Bonds from being "private activity bonds," and provided for the filing of statements and returns necessary to assure the exclusions of interest from gross income for federal income tax purposes.
 16. Provided covenants against making the 1992 Bonds "arbitrage bonds" and directed that the Town deliver a certificate of arbitrage, a tax certificate or similar certificate relating to the payment of arbitrage rebate.
- The Town contemplates the issuance of the Bonds, the Note and, if necessary, the Line of Credit Bonds described in the Ordinance. Any person interested may appear before the Council of the Town at a meeting thereof at 7:00 p.m., preceding the date of the Ordinance, September 10, 1992, in the Council Chambers in the Municipal Building, Chapmanville, West Virginia, 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 on August 20, 1992, is on file in the office of the Town Recorder for review by interested persons during the regular office hours of such office, to-wit: 8:00 a.m. to 4:00 p.m., Mondays through Fridays.

CLAUDE WORKMAN,
Town Recorder
Town of Chapmanville,
West Virginia

AFFIDAVIT OF PUBLICATION

I, Jerry Godby, Editor of the GUYANDOTTE VOICE, a weekly newspaper published in Chapmanville, Logan County, West Virginia, do hereby certify that the attached NOTICE was published in said newspaper for 2 (consecutive) time(s) on the following date(s):

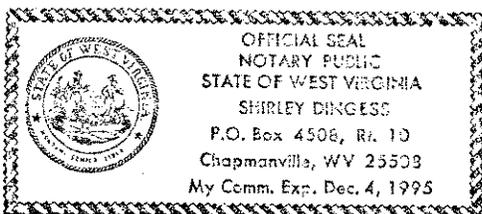
8-27-92 & 9-3-92

Given under my hand this 8th day of Sept., 19 92

Jerry Godby
Editor

State of West Virginia;
County of Logan, to-wit:

Subscribed and sworn before me this 8th day of Sept., 19 92



Shirley Dingess
Notary Public

My Commission Expires: 12/4/95

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LEGAL ADVERTISEMENT

ABSTRACT OF ORDINANCE AND NOTICE OF PUBLIC HEARING Notice is hereby given to any person interested that on August 20, 1992, the Council of the Town of Chapmanville, West Virginia, adopted an ordinance (the "Ordinance") that:

1. Amended and supplemented the Bond Ordinance passed by the Council on March 10, 1986 (the "Prior Ordinance") and that the bonds and note described below are issued under the Prior Ordinance as amended and supplemented thereby.
2. Determined that it is necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be acquired and constructed certain additional extensions, additions, betterments and improvements to the existing combined waterworks and sewerage facilities of the Town, consisting primarily of 400,000 gallons per day secondary wastewater treatment plant (the "Project") (the existing waterworks and sewerage facilities, together with the Project and any further extensions, additions, betterments and improvements thereto, are referred to as the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers. The estimated maximum cost of the construction of the Project is \$1,585,301, of which approximately \$750,000 will be obtained from a Grant from the Small Cities Block Grant Program and the remainder will be permanently obtained from the proceeds of the 1992 Bonds described below. The cost of the Project may be revised to reflect conditions imposed by the West Virginia Division of Environmental Protection (the "DEP").
3. The Town authorized the acquisition and construction of the Project and the financing of the Project and the financing of the Project, not otherwise provided, for the Project through the issuance of not more than \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "1992 Bonds").
4. Pledged to the payment of the 1992 Bonds the net revenues of the System derived from the rates

for service, including the rates adopted by the Council on March 12, 1992.

5. Authorized the establishment of a revolving line of credit (the "Line of Credit") in an amount not to exceed \$200,000 and a Waterworks and Sewerage System Construction Note to evidence the Town's obligation to repay draws upon the Line of Credit (the "Note"); and provided that the terms of the Note and the agreement with respect to the Line of Credit be approved by a supplemental resolution.

6. Authorized the issuance, if necessary, of not more than \$200,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds (the "Line of Credit Bonds") to pay the principal of and interest on the Note.

7. Provided for the sale of the 1992 Bonds to the West Virginia State Revolving Loan Fund Program acting through the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and conditions of the loan agreement (the "Loan Agreement") to be entered into among the Town, the DEP and the Authority.

8. Continued the funds and accounts established under the Prior Ordinance, created new accounts for the 1992 Bonds and provided for increased deposits on account of the 1992 Bonds.

9. Provided for the disbursement of the 1992 Bond proceeds; created the 1992 Bond Construction Trust Fund to hold the 1992 Bond proceeds pending their use for Project costs; and provided for the disposition of excess 1992 Bond proceeds.

10. Provided that the 1992 Bonds, the Note and the Line of Credit Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the funds pledged for such payment from the sources described in the Ordinance.

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with or superior to the bonds issued under the Prior Ordinance.

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

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The Town contemplates the issuance of the Bonds, the Note and, if necessary, the Line of Credit Bonds described in, and under the conditions set forth in, the Ordinance. Any person interested may appear before the Council of the Town at a meeting thereof at 7:00 p.m., prevailing time, on Thursday, September 10, 1992, in the Council Chambers in the Municipal Building, Chapmanville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the Town on August 20, 1992, is on file in the office of the Town Recorder for review by interested persons during the regular office hours of such office, to-wit: 8:30 a.m. to 4:00 p.m., Mondays through Fridays.

CLAUDE WORKMAN,
Town Recorder
Town of Chapmanville, West Virginia

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- PERRY BRANCH: 3 or 4 BR with pool on 1/2 acre. 8-2411
- BIG CREEK ROAD: Older home on four acres. Private
- GOBBY BRANCH: 3 BR home with new siding. Gas h.
- WEST HANLIN: This cozy 3 BR home on a nice lot is \$22,500.
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- MILL CREEK-LONG FORD: 3 BR, 1 bath home on 2 1/4
- BIG CREEK: Victorian beauty surrounds this 6-room aged but repairable. \$25,900. SOLD
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- COMMERCIAL
- CHAPMANVILLE: 1 1/2 acres, more or less, in town good access—perfect for development. \$160,000.
- LAND
- BIG HOLLY: 4 acres. \$16,000.
- GOLF MEADOWS: 70 ft. X 66 ft. lot with underground.
- BIG CREEK RD.: 140 X 230 lot. Needs some extra. Additional acreage available.
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ULTRASONOGRAPHER - Register eligible or certified sonographer needed for expanding ultrasound

atic patients preferred. Submit resume to Box A-2723 c/o Beckley Newspaper, Beckley WV 25801.

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Professional positions in children's daycare. Four year degree required. 13 county area. To apply call 304-682-8271 or WDCO, Box 1509, Oceana, WV 24870. EOE 8-15-92

Earn up to \$4000.00 per month working at home processing mortgage refunds. No experience necessary. 304-353-3205.

BRAXTON COUNTY SCHOOLS is seeking a Speech Therapist. For more information, contact Debra McCashey, Director of Special Education, 400 Fourth Street, Sutton, WV 26601. 304-765-7101.

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ULTRASONOGRAPHER - Register eligible or certified sonographer needed for expanding ultrasound

department. Please reply with resume to Southern West Virginia Clinic, Attention: Personnel Office, 302 Stanford Road, Beckley, WV 25801.

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DIVISION OF ENVIRONMENTAL PROTECTION

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Charleston, WV 25301-1218

Gaston Caperton
Governor

John M. Ranson
Cabinet Secretary

David C. Callaghan
Director

Ann A. Spaner
Deputy Director

October 2, 1992

Ms Joy Vance, Mayor
Town of Chapmanville
P. O. Box 426
Chapmanville, WV 25508

RE: SRF C-544009

Dear Mayor Vance:

The first construction loan reimbursement request in the amount of \$37,876 has been approved by this office. We will be delivering this check to you at the Bond Closing on October 21, 1992 at the Water Development Authority's office, Dunbar, WV.

Should you have any questions, please contact this office at (304) 558-0641.

Sincerely,

CONSTRUCTION ASSISTANCE

A handwritten signature in cursive script, appearing to read "Rosalie Ortega".

Rosalie Ortega, Branch Leader
Management Section

c: Water Development Authority
Ghosh Engineering
✓ Sammie Gee, Jackson Kelly

SRF-LP-1
(August 1992)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), and the local government designated below (the "Local Government").

TOWN OF CHAPMANVILLE
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by

such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

1.6 "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 "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.

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, 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 and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

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

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

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

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the

Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Local Government agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project) with all requisite appeal periods having expired, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

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

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

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

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

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC,

prospective users of the System shall be required to connect thereto;

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

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

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

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

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

sufficient to pay the costs of acquisition and construction of the Project; and

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

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

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

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

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

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

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government 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 Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges 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 Local Government defaults in any payment due to the Authority pursuant to Section 4.2 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 Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 No waiver by any party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of

the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.5 This Loan Agreement 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.

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

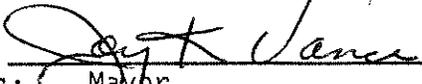
(ii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

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

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

Town of Chapmanville
[Proper Name of Local Government]

(SEAL)

By: 
Its: Mayor

Attest:

Date: September 18, 1992

Claude Wootman
Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Paulley E. McCoy
Its:

Date: Sept. 23, 1992

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yonkesky
Its: Director

Attest:

Date: September 21, 1992

Barbara B. Meadows
Secretary-Treasurer

APPROVED AS TO FORM PRIOR TO ACKNOWLEDGEMENT THEREOF, THIS 25th day of August, 19 92.

Attorney General
BY: Dawn E. Wayfield
DEPUTY ATTORNEY GENERAL

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

	<u>CURRENT</u>	<u>YEAR TO</u>	<u>BUDGET YEAR</u>	
<u>ITEM</u>	<u>MONTH</u>	<u>DATE</u>	<u>TO DATE</u>	<u>DIFFERENCE</u>
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. SRF Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this _____ day of _____, 19__.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____

(the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions

of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this _____ day of _____, 19____.

By _____

West Virginia License No. _____

[SEAL]

EXHIBIT E

[Special Conditions]

N O N E

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Fund: \$_____

Witness my signature this ___ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[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 "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, 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 _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on _____ 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"), and the bond _____ duly enacted by the Local Government on _____ (the "Local

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government 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 Local Government without the consent of the Authority.

3. The Local Government 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 Local Government has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$ 757,533.00
Purchase Price of Bonds	\$ 757,533.00

Interest on the Bonds shall be zero percent from the date of delivery to and including August 31, 1993. Principal and interest on the Bonds is payable quarterly, commencing December 1, 1993, at a rate of 3.0% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has [~~no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds~~] or [provide list of outstanding debt]. *

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

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and interest and such Bonds shall grant the Authority a [first] lien on the net revenues of the Local Government's system.

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

*West Virginia Water Development Authority - Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the principal amount of \$200,260 and currently outstanding in the principal amount of \$196,548 and Supplemental Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the principal amount of \$99,740 and currently outstanding in the principal amount of \$84,779.

SCHEDULE Y

Chapmanville, West Virginia

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/1993				
12/01/1993	6,945.22	3.00000%	5,681.50	12,626.72
3/01/1994	6,997.31	3.00000%	5,629.41	12,626.72
6/01/1994	7,049.79	3.00000%	5,576.93	12,626.72
9/01/1994	7,102.66	3.00000%	5,524.06	12,626.72
12/01/1994	7,155.93	3.00000%	5,470.79	12,626.72
3/01/1995	7,209.60	3.00000%	5,417.12	12,626.72
6/01/1995	7,263.68	3.00000%	5,363.04	12,626.72
9/01/1995	7,318.15	3.00000%	5,308.57	12,626.72
12/01/1995	7,373.04	3.00000%	5,253.68	12,626.72
3/01/1996	7,428.34	3.00000%	5,198.38	12,626.72
6/01/1996	7,484.05	3.00000%	5,142.67	12,626.72
9/01/1996	7,540.18	3.00000%	5,086.54	12,626.72
12/01/1996	7,596.73	3.00000%	5,029.99	12,626.72
3/01/1997	7,653.71	3.00000%	4,973.01	12,626.72
6/01/1997	7,711.11	3.00000%	4,915.61	12,626.72
9/01/1997	7,768.94	3.00000%	4,857.78	12,626.72
12/01/1997	7,827.21	3.00000%	4,799.51	12,626.72
3/01/1998	7,885.92	3.00000%	4,740.81	12,626.73
6/01/1998	7,945.06	3.00000%	4,681.66	12,626.72
9/01/1998	8,004.65	3.00000%	4,622.07	12,626.72
12/01/1998	8,064.68	3.00000%	4,562.04	12,626.72
3/01/1999	8,125.17	3.00000%	4,501.55	12,626.72
6/01/1999	8,186.11	3.00000%	4,440.61	12,626.72
9/01/1999	8,247.50	3.00000%	4,379.22	12,626.72
12/01/1999	8,309.36	3.00000%	4,317.36	12,626.72
3/01/2000	8,371.68	3.00000%	4,255.04	12,626.72
6/01/2000	8,434.47	3.00000%	4,192.25	12,626.72
9/01/2000	8,497.72	3.00000%	4,129.00	12,626.72
12/01/2000	8,561.46	3.00000%	4,065.26	12,626.72
3/01/2001	8,625.67	3.00000%	4,001.05	12,626.72
6/01/2001	8,690.36	3.00000%	3,936.36	12,626.72
9/01/2001	8,755.54	3.00000%	3,871.18	12,626.72
12/01/2001	8,821.21	3.00000%	3,805.52	12,626.73
3/01/2002	8,887.36	3.00000%	3,739.36	12,626.72
6/01/2002	8,954.02	3.00000%	3,672.70	12,626.72
9/01/2002	9,021.17	3.00000%	3,605.55	12,626.72
12/01/2002	9,088.83	3.00000%	3,537.89	12,626.72
3/01/2003	9,157.00	3.00000%	3,469.72	12,626.72
6/01/2003	9,225.68	3.00000%	3,401.04	12,626.72
9/01/2003	9,294.87	3.00000%	3,331.85	12,626.72
12/01/2003	9,364.58	3.00000%	3,262.14	12,626.72
3/01/2004	9,434.82	3.00000%	3,191.90	12,626.72
6/01/2004	9,505.58	3.00000%	3,121.14	12,626.72
9/01/2004	9,576.87	3.00000%	3,049.85	12,626.72
12/01/2004	9,648.69	3.00000%	2,978.03	12,626.72
3/01/2005	9,721.06	3.00000%	2,905.66	12,626.72
6/01/2005	9,793.97	3.00000%	2,832.75	12,626.72
9/01/2005	9,867.42	3.00000%	2,759.30	12,626.72
12/01/2005	9,941.43	3.00000%	2,685.29	12,626.72
3/01/2006	10,015.99	3.00000%	2,610.73	12,626.72

Chapmanville, West Virginia

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/2006	10,091.11	3.00000%	2,535.61	12,626.72
9/01/2006	10,166.79	3.00000%	2,459.93	12,626.72
12/01/2006	10,243.04	3.00000%	2,383.68	12,626.72
3/01/2007	10,319.87	3.00000%	2,306.85	12,626.72
6/01/2007	10,397.27	3.00000%	2,229.45	12,626.72
9/01/2007	10,475.24	3.00000%	2,151.48	12,626.72
12/01/2007	10,553.81	3.00000%	2,072.91	12,626.72
3/01/2008	10,632.96	3.00000%	1,993.76	12,626.72
6/01/2008	10,712.71	3.00000%	1,914.01	12,626.72
9/01/2008	10,793.06	3.00000%	1,833.66	12,626.72
12/01/2008	10,874.00	3.00000%	1,752.72	12,626.72
3/01/2009	10,955.56	3.00000%	1,671.16	12,626.72
6/01/2009	11,037.72	3.00000%	1,589.00	12,626.72
9/01/2009	11,120.51	3.00000%	1,506.21	12,626.72
12/01/2009	11,203.91	3.00000%	1,422.81	12,626.72
3/01/2010	11,287.94	3.00000%	1,338.78	12,626.72
6/01/2010	11,372.60	3.00000%	1,254.12	12,626.72
9/01/2010	11,457.89	3.00000%	1,168.83	12,626.72
12/01/2010	11,543.83	3.00000%	1,082.89	12,626.72
3/01/2011	11,630.41	3.00000%	996.31	12,626.72
6/01/2011	11,717.64	3.00000%	909.08	12,626.72
9/01/2011	11,805.52	3.00000%	821.20	12,626.72
12/01/2011	11,894.06	3.00000%	732.66	12,626.72
3/01/2012	11,983.27	3.00000%	643.46	12,626.73
6/01/2012	12,073.14	3.00000%	553.58	12,626.72
9/01/2012	12,163.69	3.00000%	463.03	12,626.72
12/01/2012	12,254.92	3.00000%	371.80	12,626.72
3/01/2013	12,346.83	3.00000%	279.89	12,626.72
6/01/2013	12,439.43	3.00000%	187.29	12,626.72
9/01/2013	12,532.72	3.00000%	94.00	12,626.72
TOTAL	757,533.00	-	252,604.63	1,010,137.63

YIELD STATISTICS

Accrued Interest from 09/01/1993 to 09/01/1993...	-
Average Life.....	11.115 YEARS
Bond Years.....	8,420.15
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112503%
True Interest Cost (TIC).....	3.0112500%
Effective Interest Cost (EIC).....	3.0112503%

Supplemental Resolution

Introduced in Council

October 8, 1992

Introduced By

Mayor Vance

Adopted by Council

October 8, 1992

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE \$757,533 TOWN OF CHAPMANVILLE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, OF THE TOWN OF CHAPMANVILLE; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of the Town of Chapmanville (the "Town"), has duly and officially adopted and enacted a bond ordinance on August 20, 1992, effective September 10, 1992 (the "Bond Ordinance"), entitled:

AN ORDINANCE AMENDING AND SUPPLEMENTING AN ORDINANCE PASSED BY THE COUNCIL OF THE TOWN OF CHAPMANVILLE, WEST VIRGINIA, ON MARCH 10, 1986, 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"; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A WASTEWATER TREATMENT FACILITY CONSISTING 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 \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, 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; AUTHORIZING A REVOLVING LINE OF CREDIT IN AN AMOUNT NOT TO EXCEED \$200,000 TO PROVIDE FUNDS FOR SUCH ACQUISITION OF CONSTRUCTION TO THE EXTENT BOND PROCEEDS, GRANT RECEIPTS OR OTHER FUNDS ARE NOT TIMELY AVAILABLE THEREFORE, AND AN AGREEMENT WITH RESPECT TO SAID LINE OF CREDIT; AUTHORIZING ISSUANCE OF A COMBINED WATERWORKS AND SEWERAGE SYSTEM, CONSTRUCTION NOTE OF THE TOWN OF CHAPMANVILLE AND THE STATED PRINCIPAL AMOUNT NOT TO EXCEED \$200,000 TO EVIDENCE THE TOWN'S OBLIGATION TO REPAY ANY DRAWS UPON SAID LINE OF CREDIT; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS AND NOTE; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of \$757,533 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992, of the Town (the "Bonds"), in the aggregate principal amount not to exceed \$1,000,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all amendments and supplements (collectively, the "Loan Agreement"), by and among the Town, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 8, Article 20 and Chapter 20, Article 5I of the West Virginia Code of 1991, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to

the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the \$757,533 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992, of the Town, originally represented by a single Bond, numbered R-1, in the principal amount of \$757,533. The Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2013, and shall bear interest at the rate of 3.0% per annum. Both principal of and interest on the Bonds are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1993. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal and interest in the amounts as set forth in "Schedule Y," attached thereto and to the Loan Agreement and incorporated therein by reference.

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

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

Section 4. The Town does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery

of the Bonds, by and between the Town and the Registrar, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Town are hereby authorized, approved and directed.

Section 5. The Town does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Town does hereby appoint Bank of Chapmanville, Chapmanville, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1992 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1992 Bonds Reserve Account.

Section 8. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Bond Construction Trust Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds.

Section 9. The Mayor and Town Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about October 21, 1992, to the Authority pursuant to the Loan Agreement.

Section 10. 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 11. The Town hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Town hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the Town. Moneys in the Series 1992 Bonds Sinking Fund, including the Reserve Account therein, shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 12. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds

as "private activity bonds" within the meaning of the Code. The Town will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 8th day of October, 1992.

TOWN OF CHAPMANVILLE

[SEAL]

Mayor



ATTEST:


Town Recorder

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Chapmanville on the 27th day of October, 1992.

Dated: 10/23, 1992.

Claude Workman
Town Recorder

ABB01419

SCHEDULE Y

Chapmanville, West Virginia

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/1993				
12/01/1993	6,945.22	3.00000%	5,681.50	12,626.72
3/01/1994	6,997.31	3.00000%	5,629.41	12,626.72
6/01/1994	7,049.79	3.00000%	5,576.93	12,626.72
9/01/1994	7,102.66	3.00000%	5,524.06	12,626.72
12/01/1994	7,155.93	3.00000%	5,470.79	12,626.72
3/01/1995	7,209.60	3.00000%	5,417.12	12,626.72
6/01/1995	7,263.68	3.00000%	5,363.04	12,626.72
9/01/1995	7,318.15	3.00000%	5,308.57	12,626.72
12/01/1995	7,373.04	3.00000%	5,253.68	12,626.72
3/01/1996	7,428.34	3.00000%	5,198.38	12,626.72
6/01/1996	7,484.05	3.00000%	5,142.67	12,626.72
9/01/1996	7,540.18	3.00000%	5,086.54	12,626.72
12/01/1996	7,596.73	3.00000%	5,029.99	12,626.72
3/01/1997	7,653.71	3.00000%	4,973.01	12,626.72
6/01/1997	7,711.11	3.00000%	4,915.61	12,626.72
9/01/1997	7,768.94	3.00000%	4,857.78	12,626.72
12/01/1997	7,827.21	3.00000%	4,799.51	12,626.72
3/01/1998	7,885.92	3.00000%	4,740.81	12,626.73
6/01/1998	7,945.06	3.00000%	4,681.66	12,626.72
9/01/1998	8,004.65	3.00000%	4,622.07	12,626.72
12/01/1998	8,064.68	3.00000%	4,562.04	12,626.72
3/01/1999	8,125.17	3.00000%	4,501.55	12,626.72
6/01/1999	8,186.11	3.00000%	4,440.61	12,626.72
9/01/1999	8,247.50	3.00000%	4,379.22	12,626.72
12/01/1999	8,309.36	3.00000%	4,317.36	12,626.72
3/01/2000	8,371.68	3.00000%	4,255.04	12,626.72
6/01/2000	8,434.47	3.00000%	4,192.25	12,626.72
9/01/2000	8,497.72	3.00000%	4,129.00	12,626.72
12/01/2000	8,561.46	3.00000%	4,065.26	12,626.72
3/01/2001	8,625.67	3.00000%	4,001.05	12,626.72
6/01/2001	8,690.36	3.00000%	3,936.36	12,626.72
9/01/2001	8,755.54	3.00000%	3,871.18	12,626.72
12/01/2001	8,821.21	3.00000%	3,805.52	12,626.73
3/01/2002	8,887.36	3.00000%	3,739.36	12,626.72
6/01/2002	8,954.02	3.00000%	3,672.70	12,626.72
9/01/2002	9,021.17	3.00000%	3,605.55	12,626.72
12/01/2002	9,088.83	3.00000%	3,537.89	12,626.72
3/01/2003	9,157.00	3.00000%	3,469.72	12,626.72
6/01/2003	9,225.68	3.00000%	3,401.04	12,626.72
9/01/2003	9,294.87	3.00000%	3,331.85	12,626.72
12/01/2003	9,364.58	3.00000%	3,262.14	12,626.72
3/01/2004	9,434.82	3.00000%	3,191.90	12,626.72
6/01/2004	9,505.58	3.00000%	3,121.14	12,626.72
9/01/2004	9,576.87	3.00000%	3,049.85	12,626.72
12/01/2004	9,648.69	3.00000%	2,978.03	12,626.72
3/01/2005	9,721.06	3.00000%	2,905.66	12,626.72
6/01/2005	9,793.97	3.00000%	2,832.75	12,626.72
9/01/2005	9,867.42	3.00000%	2,759.30	12,626.72
12/01/2005	9,941.43	3.00000%	2,685.29	12,626.72
3/01/2006	10,015.99	3.00000%	2,610.73	12,626.72

Chapmanville, West Virginia

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/2006	10,091.11	3.00000%	2,535.61	12,626.72
9/01/2006	10,166.79	3.00000%	2,459.93	12,626.72
12/01/2006	10,243.04	3.00000%	2,383.68	12,626.72
3/01/2007	10,319.87	3.00000%	2,306.85	12,626.72
6/01/2007	10,397.27	3.00000%	2,229.45	12,626.72
9/01/2007	10,475.24	3.00000%	2,151.48	12,626.72
12/01/2007	10,553.81	3.00000%	2,072.91	12,626.72
3/01/2008	10,632.96	3.00000%	1,993.76	12,626.72
6/01/2008	10,712.71	3.00000%	1,914.01	12,626.72
9/01/2008	10,793.06	3.00000%	1,833.66	12,626.72
12/01/2008	10,874.00	3.00000%	1,752.72	12,626.72
3/01/2009	10,955.56	3.00000%	1,671.16	12,626.72
6/01/2009	11,037.72	3.00000%	1,589.00	12,626.72
9/01/2009	11,120.51	3.00000%	1,506.21	12,626.72
12/01/2009	11,203.91	3.00000%	1,422.81	12,626.72
3/01/2010	11,287.94	3.00000%	1,338.78	12,626.72
6/01/2010	11,372.60	3.00000%	1,254.12	12,626.72
9/01/2010	11,457.89	3.00000%	1,168.83	12,626.72
12/01/2010	11,543.83	3.00000%	1,082.89	12,626.72
3/01/2011	11,630.41	3.00000%	996.31	12,626.72
6/01/2011	11,717.64	3.00000%	909.08	12,626.72
9/01/2011	11,805.52	3.00000%	821.20	12,626.72
12/01/2011	11,894.06	3.00000%	732.66	12,626.72
3/01/2012	11,983.27	3.00000%	643.46	12,626.73
6/01/2012	12,073.14	3.00000%	553.58	12,626.72
9/01/2012	12,163.69	3.00000%	463.03	12,626.72
12/01/2012	12,254.92	3.00000%	371.80	12,626.72
3/01/2013	12,346.83	3.00000%	279.89	12,626.72
6/01/2013	12,439.43	3.00000%	187.29	12,626.72
9/01/2013	12,532.72	3.00000%	94.00	12,626.72
TOTAL	757,533.00	-	252,604.63	1,010,137.63

YIELD STATISTICS

Accrued Interest from 09/01/1993 to 09/01/1993...	-
Average Life.....	11.115 YEARS
Bond Years.....	8,420.15
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112503%
True Interest Cost (TIC).....	3.0112500%
Effective Interest Cost (EIC).....	3.0112503%

Present: Mayor Joy Vance, Recorder Claude Workman, Council members: Dale Simmons, O.T. Mullins, David Chapman, Scot Chapman. Others, Jerry Godby, B.L. Spaulding, Samee Gee, and Johnny Wood.

Minutes from previous meeting held Sept. 24, 1992 was read. Motion to approve as read was made by O.T. Mullins and second by Dale Simmons. All in favor.

Samme Gee read to Council by Title only the Supplemental Resolution amending and supplementing the Bond & Note Ordinance passed by Council of Town of Chapmanville on March 10, 1986. Motion to read BY Title only was made by Dale Simmons, second by O.T. Mullins. Motion to approve Resolution and adopt was made by O.T. Mullins and second by Dave Chapman. All in favor. Copy attached.

B. L. Spaulding read to Council the second reading of the Flood Zone Ordinance by Title only. Motion to read by title only was made by O.T. Mullins, second by Dale Simmons. All in favor. Motion to approve reading by title only and to adopt was made by O.T. Mullins, second by Dale Simmons. All in favor.

Motion to give Mayor and Recorder the authority to sign all Docements pertaining to construction contracts on Waste-Water Treatment Plant was made by Dale Simmons, second by O.T. Mullins. All in favor.

Bill Cunningham addressed Council concerning the closing and signing of the contract on the construction of the Waste-Water Treatment Plant. The signing of the contract and loan agreement will be Oct. 21, at Dunbar. The Mayor and Recorder will be attending this meeting. There will also be a Pre Construction Conferance at 2:00 p.m. at the WDA Office in Dunbar.

Mayor and Recorder signed Notice of Contract Award to
1. Miami Valley Constractor 2. Rover Construction INC.

Mayor reports Mr. Johnson to give bids on sidewalks at Fourth Street.

Applebutter Festival had good attendance.

Dale Simmons ask if it would be possible if the Policemen could patrol around the Junior High School on occasion.

O.T. Mullins reports that the State Police has commended Town on our Police Department.

Motion to adjourn was made by David Chapman second by Dale Simmons. All in Favor.



MAYOR



RECORDER

Public Service Commission
Of West Virginia

Richard E. Hitt
General Counsel



Phone: (304) 340-0317
FAX (304) 340-0325

October 15, 1992

Samme Gee, Esquire
Jackson & Kelly
1600 Laidley Tower
P. O. Box 553
Charleston, WV 25322

Re: Case No. 92-0453-S-CN
Town of Chapmanville

Dear Ms. Gee:

Please be advised that the Staff of the Public Service Commission has reviewed the Recommended Decision entered in the above-reference proceeding September 4, 1992. That Recommended Decision became a Final Order of the Commission on September 24, 1992. Please be advised that Staff has determined it will not appeal this decision.

As no other parties appeared in protest or as intervenors to the proceeding, it may be concluded that unless the Town of Chapmanville intends to appeal the Commission's Order, the decision will remain final.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Joseph Watkins".

J. Joseph Watkins
Staff Attorney

JJW/cg

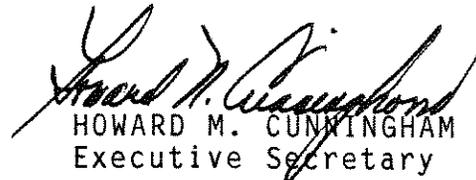
cc: Bernard L. Spaulding
Attorney At Law
Sears Building
Main Street
P. O. Box 957
Logan, WV 25601

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

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 an Order entered on September 4, 1992 and which became final on September 24, 1992 in Case No. 92-0453-S-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, in the City of Charleston, this 14th day of October, 1992.


HOWARD M. CUNNINGHAM
Executive Secretary

Nancy Halford-Jackson & Kelly

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
9-24-92

Entered: September 4, 1992

CASE NO. 92-0453-S-CN

TOWN OF CHAPMANVILLE, a municipal corporation, Logan County.

Application for a certificate of convenience and necessity to upgrade sewer treatment capacity from 200,000 to 400,000 gallons per day, etc., at Chapmanville, Logan County.

RECOMMENDED DECISION

On April 30, 1992, the Town of Chapmanville (Chapmanville), a municipal corporation, Logan County, filed an application with the Public Service Commission, pursuant to West Virginia Code §24-2-11, for a certificate of convenience and necessity to upgrade its sewer treatment capacity from 200,000 to 400,000 gallons per day; add a new digester, filter belt, press, bar screen and grit chamber; and to renovate two existing sewage pump stations, replace existing gravity line in Eloise Street, re-route gravity line in Second Street, and slip-line a 600-foot section of gravity line in Adams Street, in Chapmanville, Logan County, West Virginia. Chapmanville also is seeking approval of financing and of rates and charges incidental to the provision of such service.

On April 30, 1992, the Commission directed Chapmanville to publish the Notice of Filing. On September 3, 1992, Chapmanville filed an affidavit of publication with the Commission, indicating that the Notice of Filing had been published as directed in The Guyandotte Voice on May 14, 1992. The Notice of Filing provided that, if no protest thereto was filed within thirty (30) days, the Commission may waive formal hearing and grant the application based upon its review of the evidence submitted with the application. The Commission's file contains no protest to this Notice of Filing.

On May 7, 1992, the Commission Referral Order was entered, referring this matter to the Division of Administrative Law Judges (ALJ Division) and requiring the ALJ Division to render a recommended decision on or before November 25, 1992. Pursuant thereto, on May 8, 1992, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to be followed in the processing and resolution of this matter, including a September 2, 1992 hearing date. Subsequently, on August 28, 1992, the ALJ issued another Procedural Order cancelling the procedural schedule heretofore established by the May 8, 1992 Procedural Order, with a view to entering this Recommended Decision upon receipt of the foregoing affidavit of publication.

On May 11, 1992, the Initial Staff Memorandum, dated May 5, 1992, from Chief Utilities Manager Cleo C. McGraw, Water and Sewer Section, Utilities Division, was filed in this proceeding under the approval of Staff Attorney J. Joseph Watkins. Mr. McGraw indicated that this proceeding would be processed by Staff within the time constraint prescribed by the Commission.

On July 7, 1992, a Further Joint Staff Memorandum, dated July 7, 1992, was filed in this proceeding by Staff Attorney Watkins. He indicated that Commission Staff would state its position in this proceeding by filing its prepared direct testimony within the time constraints set forth in the procedural schedule heretofore established by the May 8, 1992 Procedural Order.

On August 12, 1992, Staff Attorney Watkins filed the "Prepared Direct Testimony of Ingrid Ferrell, Staff Engineer, Utilities Division, Water and Sewer Section, Public Service Commission of West Virginia" and the "Prepared Direct Testimony of Sterling E. Bare, Utilities Analyst, Utilities Division, Water and Sewer Section, Public Service Commission of West Virginia". Together, these prepared direct testimonies comprise Staff's final recommendation in this matter.

Ms. Ferrell briefly described the proposed project and opined that Chapmanville has shown adequate need for the project. She stated that Chapmanville does not currently meet the effluent requirements of its National Pollutant Discharge Elimination System (NPDES) permit from the Department of Natural Resources (DNR), mainly due to the inflow and infiltration which its current plant cannot handle. She opined that replacing sections of the collection system which have the worst infiltration and inflow and upgrading the treatment plant, as proposed by the project, would bring Chapmanville's sewer system into compliance with DNR's requirements. She also stated that DNR had given its approval to Chapmanville's proposed project, thereby indicating to Staff that the project is designed in accordance with current engineering practices. She stated that Staff has also reviewed the plans and specifications, and they reveal no conflict with Commission rules and regulations. She recommended approval of the application, without a hearing.

Mr. Bare indicated that Chapmanville's projected annual income, with its current rates and interest income, would total \$381,093. He indicated that Chapmanville recently had passed an ordinance which provided the rates needed. An affidavit of publication was filed by Chapmanville on August 18, 1992, indicating that the rates had been published on February 20, 1992, and February 27, 1992, in The Guyandotte Voice, a newspaper published and of general circulation in Chapmanville, Logan County, West Virginia. The notice provided that the rates would become effective on July 1, 1992, if no protest thereby was received. The notice also provided for public input at council meetings on March 2, 1992, and March 12, 1992, when the rate ordinance was to be read. No protests or municipal appeal have been filed with the Commission pertaining to these rates.

Mr. Bare stated that Chapmanville's operating expenses would be \$241,499, other taxes would be \$10,427, and debt service would be

\$102,500, thereby providing a cash flow surplus of \$26,809 after meeting debt reserve requirements of \$124,250. He opined that this surplus would be sufficient to cover any unforeseen expenses and would allow for normal plant additions.

Mr. Bare stated that the actual cost for the project would be \$1,585,301. He stated that Chapmanville would fund the project with an Environmental Protection Agency (EPA) grant in the amount of \$77,550; a Housing and Urban Development (HUD) grant in the amount of \$627,750; and a State Revolving Fund (SRF) loan in the amount of \$880,001, bearing interest at the rate of three (3%) percent per annum for a term of 20 years, with a debt service coverage requirement of at least 115%. He indicated that Chapmanville had also applied for additional grant monies from HUD and, if approved, the loan amount would be reduced accordingly.

Mr. Bare opined that Chapmanville's existing rates would provide sufficient revenue with which to fund construction of the project and to provide an adequate level of funding for the operation of the system upon completion. For all of the reasons stated above, Mr. Bare indicated that Staff recommends approval of the application.

DISCUSSION

Upon consideration of all of the above, since there is no dispute between Commission Staff and Chapmanville, the ALJ will consider the parties to have waived their rights to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, pursuant to Code §24-1-9(b), or to a hearing.

The ALJ is of the opinion that the application for a certificate of convenience and necessity should be approved for Chapmanville since there has been no timely objection filed to the Notice of Filing; since completion and operation of the project would bring Chapmanville's sewer system into compliance with its NPDES permit and other DNR requirements; since the project has been designed in accordance with current engineering practices and presents no conflict with Commission rules and regulations; since full funding for the project in the amount of \$1,585,301 has been secured through a \$77,550 EPA grant, a \$627,750 HUD grant, and an \$880,001 SRF 20-year loan with a 3% interest rate; and since Chapmanville's current rates and charges will provide sufficient funding to finance the project during construction and operation of the proposed project.

FINDINGS OF FACT

1. The Town of Chapmanville filed an application with the Commission, pursuant to Code §24-2-11, for a certificate of convenience and necessity to upgrade its sewer treatment capacity from 200,000 to 400,000 gallons per day; add a new digester, filter belt, press, bar screen and grit chamber; and to renovate two existing sewage pump stations, replace existing gravity line in Eloise Street, re-route gravity

line in Second Street, and slip-line a 600-foot section of gravity line in Adams Street, in Chapmanville, Logan County, West Virginia. Chapmanville also is seeking approval of financing and of rates and charges incidental to the provision of such service. (See, Application, filed April 30, 1992).

2. Chapmanville published a copy of the Notice of Filing in The Guyandotte Voice, a newspaper published and of general circulation in Chapmanville, Logan County, West Virginia, on May 14, 1992, thereby providing a 30-day protest period. (See, Affidavit of Publication, filed September 3, 1992).

3. No timely protests to the Notice of Filing have been lodged in the Commission's file. (See, Commission's File).

4. Chapmanville's sewer system currently does not meet the effluent requirements of its NPDES permit and does not meet other DNR requirements, mainly due to inflow and infiltration which its current plant cannot handle. (See, Prepared Direct Testimony of Ingrid Ferrell, filed August 12, 1992).

5. The project would bring Chapmanville's sewer system into compliance with DNR's rules and regulations, including Chapmanville's NPDES permit. (See, Prepared Direct Testimony of Ingrid Ferrell, filed August 12, 1992).

6. Staff has opined that the engineering design of the project is in compliance with current engineering practices and with Commission rules and regulations. (See, Prepared Direct Testimony of Ingrid Ferrell, filed August 12, 1992).

7. Staff has recommended approval of the application without a hearing. (See, Prepared Direct Testimony of Ingrid Ferrell, filed August 12, 1992; Prepared Direct Testimony of Sterling E. Bare, filed August 12, 1992).

8. Chapmanville recently has enacted a rate ordinance which would generate sufficient revenue to provide a cash flow surplus of \$26,809, after meeting all operation and maintenance expenses, other taxes, debt service requirements and reserve requirements, thereby covering any unforeseen expenses and allowing for normal plant additions during the construction and operation of the project. (See, Prepared Direct Testimony of Sterling E. Bare, filed August 12, 1992).

9. The total project cost will be \$1,585,301, to be funded by a \$77,550 EPA grant, a \$627,750 HUD grant and an \$880,001 SRF 20-year loan with a 3% interest rate. (See Prepared Direct Testimony of Sterling E. Bare, filed August 12, 1992).

CONCLUSIONS OF LAW

1. Since Chapmanville's sewer system currently does not meet the effluent requirements of its NPDES permit and does not meet other DNR requirements, mainly due to inflow and infiltration which its current plant cannot handle; since the project would bring Chapmanville's sewer system into compliance with DNR's rules and regulations, including Chapmanville's NPDES permit; and since Staff has opined that the engineering design of the project is in compliance with current engineering practices and with Commission rules and regulations, it is reasonable to conclude that the public convenience and necessity will be served by the proposed project.

2. Since Chapmanville published a copy of the Notice of Filing in The Guyandotte Voice, a newspaper published and of general circulation in Chapmanville, Logan County, West Virginia, on May 14, 1992, thereby providing a 30-day protest period; since no timely protests to the Notice of Filing have been lodged in the Commission's file; since the public convenience and necessity will be served by the project; and since Staff has recommended approval of the application without a hearing, it is reasonable to approve the application for a certificate of convenience and necessity.

3. Since the total project cost will be \$1,585,301, to be funded by a \$77,550 EPA grant, a \$627,750 HUD grant and an \$880,001 SRF 20-year loan with a 3% interest rate, it is reasonable to approve the financing for the project.

4. Chapmanville recently has enacted a rate ordinance which would generate sufficient revenue to provide a cash flow surplus of \$26,809, after meeting all operation and maintenance expenses, other taxes, debt service requirements and reserve requirements, thereby covering any unforeseen expenses and allowing for normal plant additions during the construction and operation of the project, thus indicating that the project is economically feasible.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission by the Town of Chapmanville on April 30, 1992, pursuant to Code §24-2-11, for a certificate of convenience and necessity to upgrade its sewer treatment capacity from 200,000 to 400,000 gallons per day; add a new digester, filter belt, press, bar screen and grit chamber; to renovate two existing sewage pump stations, replace existing gravity line in Elosie Street, re-route gravity line in Second Street, and slip-line a 600-foot section of gravity line in Adams Street, in Chapmanville, Logan County, West Virginia, be, and the same hereby is, approved.

IT IS FURTHER ORDERED that the financing for the proposed project not to exceed the total amount of \$1,585,301, comprised of an EDA grant in the amount of \$77,550, a HUD grant in the amount of \$627,750, and a SRF loan in an amount not to exceed \$880,001 for a term not to exceed twenty (20)

years and bearing interest at a rate not to exceed three (3%) percent, be, and the same hereby is, approved.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann
Administrative Law Judge

RZMcC:jas



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

September 23, 1992

The Honorable Joy K. Vance
Mayor
Town of Chapmanville
Post Office Box 426
Chapmanville, West Virginia 25508

Dear Mayor Vance:

On September 30, 1990, the town of Chapmanville received a commitment of \$627,750 in Small Cities Block Grant (SCBG) funds for the construction of a sewer system improvement project.

On July 30, 1992, bids were opened on the project, and the low bid received was \$385,050 over cost estimates.

In order to meet that shortfall and to sign construction contracts, the town of Chapmanville has received an additional \$235,800 in State Revolving Loan funds and has requested an additional \$122,250 from the Community Development Office.

I am hereby committing \$90,000 in additional SCBG funds to the project. This brings my commitment of SCBG funds in the project to \$717,750.

I am also committing \$32,250 from the Governor's Community Partnership Grant program.

These two awards bring my total commitment to this project to \$750,000.

It is with pleasure that I am able to work with you to make this improvement a reality for the citizens of Chapmanville.

Sincerely,

A handwritten signature in black ink that reads "Gaston Caperton".

Gaston Caperton
Governor

GC:bsb

cc: Region II



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25306

GASTON CAPERTON
GOVERNOR

September 30, 1990

The Honorable Joy K. Vance
Mayor
Town of Chapmanville
Box 426
Chapmanville, West Virginia 25508

Dear Mayor Vance:

Thank you for your application to the Small Cities Block Grant Program for Fiscal Year 1990.

I am pleased to approve the Town of Chapmanville's application in the amount of \$627,750. These funds will enable you to complete the Chapmanville Wastewater Improvements project.

In order to most effectively use the limited dollars available, I hereby commit \$439,068 from our Fiscal Year 1990 allocation which will be immediately available to you. The remaining \$188,682 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this improvement a reality for the citizens of Chapmanville.

Sincerely,

A large, stylized handwritten signature of Gaston Caperton in black ink.

Gaston Caperton
Governor

GC:bws



Gale

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348-2107

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

LARRY W. GEORGE
Deputy Director

June 11, 1990

Honorable Joy Vance
Mayor, Town of Chapmanville
P. O. Box 426
Chapmanville, West Virginia 25508

RE: Town of Chapmanville
Planning Advance
C-540429-02

Dear Mayor Vance:

We are in receipt of your letter dated June 5, 1990 seeking approval to begin work on a feasibility study and the preparation of a facility plan for the Town of Chapmanville. This letter will serve as authorization to proceed with work on your project.

Should you have any questions, please contact Gale Burdette of my staff at (304) 348-0637.

Sincerely,

CONSTRUCTION ASSISTANCE BRANCH

Mike Johnson, P. E.
Branch Head

MJ/cga

cc: Ghosh Engineers

STATE OF WEST VIRGINIA
PLANNING AND/OR DESIGN
ADVANCE ASSISTANCE
AGREEMENT/AMENDMENT

1. PROJECT NO. AC 540 429-02
2. a. AWARD DATE 04/07/92 ACTION TYPE
a. Original X
b. DATE MAILED 04/13/92 b. Decrease _____

TO: GRANTS ADMINISTRATION SECTION
CONSTRUCTION GRANTS BRANCH
DIVISION OF WATER RESOURCES
DEPARTMENT OF NATURAL RESOURCES

4. CLEARINGHOUSE NO. SAI-WV920123-021
5. a. Starting Date April 30, 1990
b. Completion Date December, 1992

PART A - BASIC INFORMATION

6. RECIPIENT ORGANIZATION

Name: Chapmanville, Town of
Street/P.O. Box: P.O. Box 426
City/State/Zip: Chapmanville, WV 25508
County: Logan
Telephone No.: (304) 855-4582

7. AUTHORIZED CERTIFYING OFFICIAL

Name: Joy K. Vance, Mayor
Street/P.O. Box: P.O. Box 426
City/State/Zip: Chapmanville, WV 25508
County: Logan
Telephone No.: (304) 855-4582

8. CONSULTANT A/E

Name: Ghosh Engineers, Incorporated
Address: 723 Kanawha Boulevard, East
Charleston, WV 25301
Telephone No.: (304) 343-5300
Contact Person: Paul Ghosh

9. PROJECT TYPE (check one)

a. Facilities Plan _____
b. Design _____
c. Facilities Plan & Design X

10. PROJECT DESCRIPTION:

Upgrade treatment plant capacity from 200,000 to 400,000 gpd. Refurbish and upgrade two existing pump stations; and 2,450 feet of existing lines.

11. DWR ADVANCE ASSISTANCE OFFICER

Name: Ms. Gale Burdette
Telephone No.: (304) 348-0637

12. DWR PROJECT ENGINEER

Name: Mr. Paul Frantz
Telephone No.: (304) 348-0633

PART B - ADVANCE ASSISTANCE CONDITIONS

13. ASSISTANCE PAYMENT PROCEDURES (check appropriate box)

- a. Facilities plan assistance will be paid, upon submission of Form DWR-CG-3, after approval based on A/E's eligible estimated allowable building cost as given in facilities plan.
- b. Advance assistance for plans and specifications not to exceed the federal share of the estimated allowance will be paid, upon submission of Form DWR-CG-3, as follows:
1. 30% upon acceptance of this offer.
 2. 50% (the next incremental 20%) at the 50% completion point as shown by the task schedule in the Plan of Design (POD).
 3. The federal share of the Step 2 allowance will be adjusted at the time of the first Step 3 grants payment following the contract award to reflect the actual eligible building cost.

ASSISTANCE PAYMENT PROCEDURES (Continued)

(check appropriate box)

- c. Advance assistance for Design plans and Specifications, including unpaid Advance for approved Facilities Plan, not to exceed the federal share of the estimated allowance will be paid, upon submission of form DWR-CG-3, as follows:
1. 30% upon acceptance of this offer.
 2. 65% (the next incremental 35%) at the 50% completion point as shown by the task schedule in the Plan of Design (POD).
 3. The Federal share of the combined allowance will be adjusted at the time of the first Step 3 grant payment following the contract award, to reflect the actual eligible building cost.

14. ESTIMATED DOLLAR AMOUNTS

- | | | |
|----|--|-----------|
| a. | Est. eligible building cost \$ | 1,063,100 |
| b. | Est. advance for Facilities Plan \$ | _____ |
| c. | Est. advance for Design \$ | _____ |
| | 1. First payment (30% increment) \$ | _____ |
| | 2. Second payment (20% increment) \$ | _____ |
| | (50% of advance) | |
| | 3. Final payment (adjusted) \$ | _____ |
| d. | Est. advance for Design and unpaid advance for Facilities Plan | |
| | \$ | 60,096 |
| | 1. First payment (30% increment) \$ | 18,029 |
| | 2. Second payment (35% increment) \$ | 21,034 |
| | 3. Final payment (adjusted) \$ | 21,033 |

15. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter 1, Subpart I, all its amendments, and applicable State regulations adopted for Advance Assistance. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees, and representatives will comply with: (1), all applicable provisions of 40 CFR Chapter 1, Subpart I, all its amendments, INCLUDING BUT NOT LIMITED TO the applicable provisions of 40 CFR Part 30, all its amendments, and applicable State regulations, and (2), any special conditions set forth in this agreement or any assistance agreement pursuant to Federal and State regulations. Assurances certified to in the Application for this advance are included as General Conditions to this Agreement.

16. SPECIAL CONDITIONS (See attached for types of special conditions)

PART C

NOTE: This agreement must be completed in duplicate and the original returned to the Construction Grants Branch, Division of Water Resources, Department of Natural Resources, within 31 days after receipt or within any extension of time as may be granted by DWR. Receipt of a written refusal or failure to return the properly executed document within the prescribed time may result in the withdrawal of the offer by the Agency.

OFFER AND ACCEPTANCE

The State of West Virginia acting by and through the Chief of the Division of Water Resources hereby offers advance assistance to Town of Chapmanville (Recipient Organization) in the amount of \$ 60,096, determined in accordance with Chapter 20-5A, 40 C.F.R. 1, Subpart I, Appendix A, and those regulations as described in Part B above for partial financial support of the project described in the application,

Town of Chapmanville November 21, 1991

(Title and Date of Application)

included herein by reference.

ISSUING OFFICE:

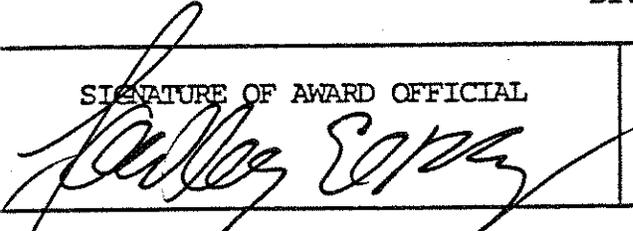
STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
CONSTRUCTION GRANTS BRANCH

RECIPIENT ORGANIZATION & ADDRESS:

Town of Chapmanville
Post Office Box 426
Chapmanville, West Virginia 25508

THE STATE OF WEST VIRGINIA by the DEPARTMENT OF NATURAL RESOURCES,
DIVISION OF WATER RESOURCES

SIGNATURE OF AWARD OFFICIAL



TYPED NAME & TITLE

L. Eli McCoy, Chief
Water Resources Section

DATE

April 13, 1992

This agreement is subject to applicable State and U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award and any payments made pursuant thereto, (1), the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2), the recipient agrees that the assistance is subject to the applicable provisions of 40 C.F.R. Chapter 1, Subpart I and of the provisions of this agreement (Parts A thru C). If a Step 2/3 or Step 3 construction grant is not awarded, the State of West Virginia retains the right to seek repayment of the Advance under such terms and conditions as it may determine.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE



TYPED NAME & TITLE

Joy K. Vance, Mayor

ACCEPTANCE DATE

4-22-92

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENT
12. TRUTH AND ACCURACY
13. SPECIMEN BONDS
14. GRANT
15. BOND PROCEEDS
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. CONFLICT OF INTEREST
20. CLEAN WATER ACT
21. COUNTERPARTS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Chapmanville, West Virginia (herein called the "Town"), and the undersigned ATTORNEY for the Town, hereby certify in connection with the single, fully registered the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992, numbered R-1, dated the date hereof, in the principal amount of \$757,533 and bearing interest at the rate of 3% percent per annum (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Amendatory and Supplemental Bond and Note Ordinance duly passed by the Council (the "Council") of the Town on August 20, 1992, effective September 10, 1992, and the Supplemental Resolution adopted October 8, 1992, relating to the Bonds (collectively, the "Ordinance"), and the Loan Agreement (the "Loan Agreement") entered into among the Town, the Division of Environmental Protection ("DEP") and the West Virginia Water Development Authority (the "Authority"), dated September 21, 1992.

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 extensions, improvements or betterments to the existing sewerage portion of the 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 the Project (the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System or the pledge of the revenues to the Bonds.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Town since September 21, 1992. The Town has met the parity test requirements of the Prior Ordinance and the Bonds are issued on a parity with the Subordinate Bonds, with respect to liens, pledge and source of and security for payment and in all other respects and senior to the Supplemental Bonds with respect to the liens, pledge and source of and security for payment. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Town which are secured by revenues or assets of the System. The Town is in compliance with all terms and provisions set forth in the Prior Bonds and the Prior Ordinance authorizing issuance of the Prior Bonds and in all documentation relating thereto.

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

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby covenants that he has filed any information with the Public Service Commission of West Virginia (the "Commission") and taken any other actions required to maintain the Public Service Commission order dated September 21, 1992, in full force and effect. The appeal period has not expired but the Town covenants not to appeal the order and has received a letter from Commission staff stating they will not appeal the order. The rates were enacted by ordinance adopted March 12, 1992, and the Town has complied with all requirements of the Public Service Commission to make the rates valid and effective and such rates are in full force and effect. The time for appeal of such Ordinance has expired and there has been no appeal thereof.

7. 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 Common Council, consisting of five members, a Mayor and a Recorder, whose names and dates of commencement and termination of terms of office for all members during these Bond proceedings, including current terms, are listed below:

<u>Office</u>	<u>Name</u>	<u>Date Of Commencement Of Office</u>	<u>Date Of Termination Of Office</u>
Mayor	Joy K. Vance	07/01/91	06/30/95
Recorder	Claude Workman	07/01/91	06/30/95
Council Member	Dale Simmons	07/01/91	06/30/95
Council Member	James Farley	07/01/92	06/30/95
Council Member	David Chapman	07/01/91	06/30/95
Council Member	Joseph Chapman	07/01/91	06/30/95
Council Member	O. T. Mullins	07/01/91	06/30/95

The duly appointed and acting Town Attorney is Bernard Leon Spaulding, Esquire, Logan, West Virginia.

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

the same without jeopardizing the security of or payments on the Bonds.

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

10. INSURANCE: The Town will maintain or, as appropriate, will require all contractors to maintain Worker's Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Town contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (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; and (iv) the Town is in compliance with the Loan Agreement.

12. TRUTH AND ACCURACY: As of the date hereof, Joy K. Vance, Mayor and Claude Workman, Recorder hereby certify that the copies of documents previously or on the date hereof certified by them as being true and accurate are true and accurate as of the date hereof and that none of such documents has been repealed, rescinded, amended or otherwise modified.

13. SPECIMEN BONDS: Attached hereto as Exhibit A is a specimen of the Bonds which, except as to execution and authentication, is identical in all respects with such Bond this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

14. GRANT: The Town has received a grant from the Small cities Block Grant program in the amount of \$717,750, and a grant

from the Governor's Community Partnership Grant program in the amount of \$32,250, which grants are in full force and effect.

15. BOND PROCEEDS: On the date hereof, the Town received \$37,876 from the Authority and the DEP, being a portion of the principal amount of the Bonds and more than a de minimus amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Town as acquisition and construction of the Project progresses.

16. PRIVATE USE OF FACILITIES: The Town shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Town) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Town) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

17. NO FEDERAL GUARANTY: The Bonds are not and will be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

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

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

21. COUNTERPARTS: This Certificate may be executed in counterpart and such parts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of the Town of Chapmanville, West Virginia on this 21st day of October, 1992.

*1234
SKD*

[SEAL]

Signature

Official Title

Don K. Jones
Claude Whitman

Mayor

Recorder

Town Attorney

ABB01497

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

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

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

21. COUNTERPARTS: This Certificate may be executed in counterpart and such parts shall be deemed to be the Certificate.

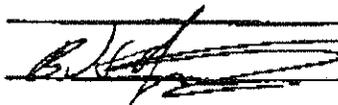
WITNESS our signatures and the official corporate seal of the Town of Chapmanville, West Virginia on this 21st day of October, 1992.

23rd

[SEAL]

Signature

Official Title



Mayor

Recorder

Town Attorney

ABB01497

R-1



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF LOGAN
TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1992

No. R-1

\$757,533

"SPECIMEN"

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 Seven hundred fifty-seven thousand, five hundred thirty-three Dollars (\$757,533), or such lesser amount as shall have been advanced to the Town hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in installments on March 1, June 1, September 1 and December 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said EXHIBIT B.

The interest on such advances shall run from the Completion Date (as defined in the hereinafter described Ordinance), and until payment of such advances, and such interest shall be payable on March 1, June 1, September 1 and December 1 of each year. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next 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 the West Virginia Division of Environmental Protection (the "DEP") and as otherwise provided by the Loan Agreement dated September 21, 1992, among the Authority, the DEP and the Town.

This Bond is issued (i) to pay costs of acquisition and construction of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the Town (the "Project") 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 West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly adopted by the Town on the 20th day of August, 1992, effective September 10, 1992, and a Supplemental Resolution adopted by the Town on the 8th day of October, 1992 (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 ON A PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, IN ALL RESPECTS, WITH THE TOWN'S SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$200,260 (THE "SUBORDINATE BONDS") AND SENIOR WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, IN ALL RESPECTS, WITH THE SUPPLEMENTAL SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$99,740 (THE "SUPPLEMENTAL BONDS"). THE SUPPLEMENTAL BONDS AND THE SUBORDINATE BONDS ARE COLLECTIVELY REFERRED TO HEREIN AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues as defined in the Ordinance, on a parity with the lien of the Subordinate Bonds, 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 with or prior to the Bonds including the Subordinate 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 each of the reserve accounts for the Prior Bonds, respectively, 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 October 23, 1992.

TOWN OF CHAPMANVILLE

[SEAL]

Jerry K. [Signature]
Mayor

ATTEST:

Claude W. [Signature]
Recorder

"SPECIMEN"

NUMBER
R-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By *[Signature]*
Its Authorized Officer

Dated: 10-23-92

R-1

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
		TOTAL	\$

"SPECIMEN"

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Chapmanville, West Virginia

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/1993				
12/01/1993	6,945.22	3.00000X	5,681.50	12,626.72
3/01/1994	6,997.31	3.00000X	5,629.41	12,626.72
6/01/1994	7,049.79	3.00000X	5,576.93	12,626.72
9/01/1994	7,102.66	3.00000X	5,524.06	12,626.72
12/01/1994	7,155.93	3.00000X	5,470.79	12,626.72
3/01/1995	7,209.60	3.00000X	5,417.12	12,626.72
6/01/1995	7,263.68	3.00000X	5,363.04	12,626.72
9/01/1995	7,318.15	3.00000X	5,308.57	12,626.72
12/01/1995	7,373.04	3.00000X	5,253.68	12,626.72
3/01/1996	7,428.34	3.00000X	5,198.38	12,626.72
6/01/1996	7,484.05	3.00000X	5,142.67	12,626.72
9/01/1996	7,540.18	3.00000X	5,086.54	12,626.72
12/01/1996	7,596.73	3.00000X	5,029.99	12,626.72
3/01/1997	7,653.71	3.00000X	4,973.01	12,626.72
6/01/1997	7,711.11	3.00000X	4,915.61	12,626.72
9/01/1997	7,768.94	3.00000X	4,857.78	12,626.72
12/01/1997	7,827.21	3.00000X	4,799.51	12,626.72
3/01/1998	7,885.92	3.00000X	4,740.81	12,626.72
6/01/1998	7,945.06	3.00000X	4,681.66	12,626.72
9/01/1998	8,004.65	3.00000X	4,622.07	12,626.72
12/01/1998	8,064.68	3.00000X	4,562.05	12,626.72
3/01/1999	8,125.17	3.00000X	4,501.60	12,626.72
6/01/1999	8,186.11	3.00000X	4,440.61	12,626.72
9/01/1999	8,247.50	3.00000X	4,379.22	12,626.72
12/01/1999	8,309.36	3.00000X	4,317.36	12,626.72
3/01/2000	8,371.68	3.00000X	4,255.04	12,626.72
6/01/2000	8,434.47	3.00000X	4,192.25	12,626.72
9/01/2000	8,497.72	3.00000X	4,129.00	12,626.72
12/01/2000	8,561.46	3.00000X	4,065.26	12,626.72
3/01/2001	8,625.67	3.00000X	4,001.05	12,626.72
6/01/2001	8,690.36	3.00000X	3,936.36	12,626.72
9/01/2001	8,755.54	3.00000X	3,871.18	12,626.72
12/01/2001	8,821.21	3.00000X	3,805.52	12,626.72
3/01/2002	8,887.36	3.00000X	3,739.36	12,626.72
6/01/2002	8,954.02	3.00000X	3,672.70	12,626.72
9/01/2002	9,021.17	3.00000X	3,605.55	12,626.72
12/01/2002	9,088.83	3.00000X	3,537.89	12,626.72
3/01/2003	9,157.00	3.00000X	3,469.72	12,626.72
6/01/2003	9,225.68	3.00000X	3,401.04	12,626.72
9/01/2003	9,294.87	3.00000X	3,331.85	12,626.72
12/01/2003	9,364.58	3.00000X	3,262.14	12,626.72
3/01/2004	9,434.82	3.00000X	3,191.90	12,626.72
6/01/2004	9,505.58	3.00000X	3,121.14	12,626.72
9/01/2004	9,576.87	3.00000X	3,049.85	12,626.72
12/01/2004	9,648.69	3.00000X	2,978.03	12,626.72
3/01/2005	9,721.06	3.00000X	2,905.66	12,626.72
6/01/2005	9,793.97	3.00000X	2,832.75	12,626.72
9/01/2005	9,867.42	3.00000X	2,759.30	12,626.72
12/01/2005	9,941.43	3.00000X	2,685.29	12,626.72
3/01/2006	10,015.99	3.00000X	2,610.73	12,626.72
6/01/2006	10,091.11	3.00000X	2,535.61	12,626.72
9/01/2006	10,166.79	3.00000X	2,459.93	12,626.72
12/01/2006	10,243.04	3.00000X	2,383.68	12,626.72
3/01/2007	10,319.87	3.00000X	2,306.85	12,626.72
6/01/2007	10,397.27	3.00000X	2,229.45	12,626.72
9/01/2007	10,475.24	3.00000X	2,151.48	12,626.72
12/01/2007	10,553.81	3.00000X	2,072.91	12,626.72
3/01/2008	10,632.96	3.00000X	1,993.76	12,626.72
6/01/2008	10,712.71	3.00000X	1,914.01	12,626.72
9/01/2008	10,793.06	3.00000X	1,833.66	12,626.72
12/01/2008	10,874.00	3.00000X	1,752.72	12,626.72
3/01/2009	10,955.56	3.00000X	1,671.16	12,626.72
6/01/2009	11,037.72	3.00000X	1,589.00	12,626.72
9/01/2009	11,120.51	3.00000X	1,506.21	12,626.72
12/01/2009	11,203.91	3.00000X	1,422.81	12,626.72
3/01/2010	11,287.94	3.00000X	1,338.78	12,626.72
6/01/2010	11,372.60	3.00000X	1,254.12	12,626.72
9/01/2010	11,457.89	3.00000X	1,168.83	12,626.72
12/01/2010	11,543.83	3.00000X	1,082.89	12,626.72
3/01/2011	11,630.41	3.00000X	996.31	12,626.72
6/01/2011	11,717.64	3.00000X	909.08	12,626.72
9/01/2011	11,805.52	3.00000X	821.20	12,626.72
12/01/2011	11,894.06	3.00000X	732.66	12,626.72
3/01/2012	11,983.27	3.00000X	643.46	12,626.72
6/01/2012	12,073.14	3.00000X	553.58	12,626.72
9/01/2012	12,163.69	3.00000X	463.03	12,626.72
12/01/2012	12,254.92	3.00000X	371.80	12,626.72
3/01/2013	12,346.83	3.00000X	279.89	12,626.72
6/01/2013	12,439.43	3.00000X	187.29	12,626.72
9/01/2013	12,532.72	3.00000X	94.00	12,626.72
TOTAL	757,533.00		252,604.63	1,010,137.63

[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:

ABB015A2

"SPECIMEN"

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Claude Workman, the permanent, duly elected 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 the \$757,533 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Town and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter of the Town.
2. Rules of Procedure.
3. Oaths of Office of the Mayor, Recorder, and members of Council.
4. Rate Ordinance.
5. Minutes of special Council meeting held March 12, 1992, regarding passage of Rate Ordinance.
6. Small Cities, Bond Grant Award Letter.
7. Government's Community Partnership Award Letter.
8. Amendatory and Supplemental Bond and Note Ordinance (the "Ordinance") passed by Council on August 20, 1992.
9. Resolution adopted by Council on August 20, 1992, authorizing publication of an abstract and notice of the Ordinance.
10. Minutes of the August 20, 1992, meeting of Council wherein the Ordinance and Resolution Authorizing Publication of an Abstract and Notice of Ordinance were adopted.
11. Affidavits of publication of the abstract and notice of the Ordinance published in the Logan Banner and The Guyondotte Voice.
12. Resolution adopted by Council on September 10, 1992, putting Ordinance into effect.

13. Minutes of the September 10, 1992, meeting of council wherein the Resolution putting Ordinance into effect was adopted.

14. Supplemental Resolution adopted by Council on October 8, 1992, authorizing the sale of the Bonds.

15. Minutes of the October 8, 1992, meeting of Council wherein the Supplemental Resolution was adopted.

16. Loan Agreement dated September 21, 1992.

WITNESS my signature and the official seal of the Town of Chapmanville, West Virginia as of the ~~21st~~ day of October, 1992.

23rd PBC

Claude Whitman

Recorder
Town of Chapmanville

(SEAL)

ABB014A7

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

CERTIFICATE AS TO NON-ARBITRAGE

I, Joy K. Vance, Mayor of the Town of Chapmanville, West Virginia (the "Town"), being one of the officials of the Town duly charged with the responsibility for the issuance of \$757,533 aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1992, of the Town, dated October 23, 1992 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code"). I am one of the officers of the Town charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Town.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Town in existence on October 23, 1992, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Town set forth herein are reasonable.

5. In the Amendatory and Supplemental Bond and Note Ordinance (the "Ordinance") pursuant to which the Bonds are issued, the Town has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Bonds were sold on October 23, 1992, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated September 21, 1992, by and among the Town, the Authority and the West Virginia Division of Environmental Protection (the "DEP").

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying costs, not otherwise provided, of acquisition and

construction of certain extensions, improvements and betterments to the existing public sewage portion of the combined waterworks and sewerage system of the Town (the "Project"), and (ii) paying costs of issuance and other costs in connection therewith.

8. The Town shall, within 30 days following delivery of the Bonds, enter into agreements which require the Town to expend in excess of \$100,000 on the Project constituting a substantial binding commitment or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds deposited in a reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, with the exception of the reserve account deposits, if any, will be expended for payment of Costs of the Project on or before July 30, 1993. Construction of the Project is expected to be completed by July 30, 1993.

9. The total cost of the Project is estimated at \$1,652,400. Sources and uses of funds for the Project are as follows:

SOURCES

Bonds	\$ 757,533
SCBC Grant	\$ 717,750
Community Partnership Grant	\$ 32,250
Town Contribution	\$ 67,099
P/O Assistance Grant	\$ <u>77,768</u>
Total Sources	<u>\$1,652,400</u>

USES

Acquisition and Construction of Project	\$1,644,400
Costs of Issuance	\$ <u>8,000</u>
Total Uses	<u>\$1,652,400</u>

The amount of Project costs not expected to be reimbursed by the grants set forth above is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, the grant proceeds and as otherwise provided in the Ordinance, no other funds of the Town will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Ordinance, the following special funds or accounts have been continued or created:

The following special funds or accounts are created with and shall be held by, the Depository Bank:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

The following special funds or accounts are established with the Commission:

- (1) Sinking Fund; and
 - (a) Within the Sinking Fund, the Reserve Account.

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

(1) Bond proceeds in the amount of \$-0- will be deposited with the Municipal Bond Commission in the Reserve Account.

(2) The balance of the proceeds of the Bonds will be deposited as received from time to time in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project including but not limited to payment of cost of issuance.

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

13. Except for the Sinking Fund and the Reserve Account, there are no other funds or accounts established or held by the Town which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for Bonds, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Town encounters financial difficulties. The Town does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type

property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds will be deposited in the Reserve Account or any other reserve or replacement fund. The amounts deposited in the Reserve Account from time to time by the Town will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Reserve Account is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

14. The Town expects to enter into a contract within 6 months of the date hereof or has already entered into such a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years.

16. The Town will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. All of the proceeds of the Bonds will be expended on the Project within 13 months from the date of issuance thereof.

18. Any money deposited in the Sinking Fund for payment of the principal and interest on the Bonds (other than the Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and any moneys received from the investment of amounts held in the Sinking Fund (other than in the Reserve Account therein) will be spent within a 1-year period beginning the date of receipt.

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

20. All property financed with the proceeds of the Bonds will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

21. The Town shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

22. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

24. The Town has general taxing powers to finance operations of or facilities of the nature of the system, and the Town and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt obligations during calendar year 1992 and has issued no other tax-exempt obligations during the current calendar year and the Town believes that it may avail itself of the "small governmental issuer" exception to rebate.

25. The Town shall use the proceeds of the Bonds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Town.

26. The Town shall not permit at any time or times any of the proceeds of the Bonds, or any other funds of the Town, to be used directly or indirectly in a manner which would result in the exclusion of Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Town will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

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

28. The Town will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

29. The Town has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

30. The Town shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

31. The Town has either (a) funded the Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Reserve Account which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Town shall submit to the Authority within thirty (30) days following the end of the Town's bond year a certified copy of its rebate calculation or if the Town qualifies for the small governmental issuer exception to rebate, then the Town shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. The Town expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The Town covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

35. Jackson & Kelly is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

IN WITNESS WHEREOF, I have set my hand this ~~21st~~ ^{23rd} day of October, 1992. *JKV*

TOWN OF CHAPMANVILLE

By *Ray K Vance*
Mayor

§757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

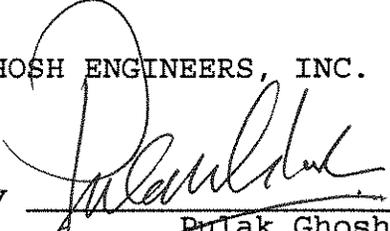
FORM OF CERTIFICATE OF CONSULTING ENGINEER

I, Pulak Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh Engineers, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify that my firm is engineer for the acquisition and construction of certain additions, improvements and betterments to the existing sewerage facilities of the combined waterworks and sewerage system (herein called the "Project") of the Town of Chapmanville (the "Issuer") to be constructed primarily in Logan County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Ordinance passed by the Council of the Issuer on August 20, 1992, effective September 10, 1992, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated September 21, 1992.

1. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the Council of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this ^{23rd} ~~21st~~ day of October, 1992.

GHOSH ENGINEERS, INC.

By 

Pulak Ghosh

West Virginia License No. 7806

[SEAL]

ABB01447

SRF Financial Information Worksheets

(for use in preparing facility plans and preliminary project budgets)

Part I. Estimated Total Cost of Project, Sources of Funds, and Cost of Financing
(same as Schedule A from SRF Loan Application)

A. Cost of Project <i>all 10-21-92</i>		
1 Construction	\$ 1,488,475.00	
2 Technical Services	97,826.00	
3 Legal and Fiscal	8,500.00	
4 Administrative	33,500.00	
* 5 Site and Other Lands		
* 6 Step I and/or Step II or Other Loan Repayment (Specify Type) _____		
7 Interim Financing Costs		
8 Contingency	16,099.00	
9 Total of Lines 1 through 8		\$1,644,400.00
B. Source of Funds		
10 Federal Grants (1)	HUD \$ 750,000.00	
11 State Grants (1)	P/O Asst. 77,768.00	
12 Other Grants (1)		
13 Any Other Source (2)	Local 67,099.00	
14 Total of Lines 10 through 13		\$ 894,867.00
15 Net Proceeds Required from Bond Issue (Line 9 less Line 14)		\$ 749,533.00
C. Cost of Financing		
16 Capitalized Interest (Const. period + 6 months)	\$ _____	
17 Funded Reserve Account (3)		
18 Other Costs (4) Bond Counsel	8,000.00	
19 Total Cost of Financing (Lines 16 through 18)		\$ 8,000.00
20 Size of Bond Issue (Line 15 + 18)		\$ 757,533.00

* not allowable for SRF assistance

- 1- identify source of grant (commitment or proposed)
- 2- for example, interest earnings during const. or proceeds of any bond issue to be used
- 3- Consult with bond counsel and DNR before assuming a funded reserve
- 4- for example, fees of bond counsel for the applicant

Part II. Other Project Related Information

<p>A. Construction Cost Summary</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">Treatment Plant</td> <td style="text-align: right;">\$ <u>1,155,000</u></td> </tr> <tr> <td>Pump Stations</td> <td style="text-align: right;"><u>282,425</u></td> </tr> <tr> <td>Interceptors</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Collectors</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>I & I Rehab</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;"><u>51,000</u></td> </tr> <tr> <td>Other (explain)</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Total (same as Part I, A1)</td> <td style="text-align: right;">\$ <u>1,488,425</u></td> </tr> </table>	Treatment Plant	\$ <u>1,155,000</u>	Pump Stations	<u>282,425</u>	Interceptors	_____	Collectors	_____	I & I Rehab	_____	Equipment	<u>51,000</u>	Other (explain)	_____	_____	_____	Total (same as Part I, A1)	\$ <u>1,488,425</u>	<p>B. Annual O & M & R Costs</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">Labor</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Utilities</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Materials</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Outside services</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Miscellaneous</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Equip. replacement</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other (explain)</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$ _____</td> </tr> </table>	Labor	\$ _____	Utilities	_____	Materials	_____	Outside services	_____	Miscellaneous	_____	Equip. replacement	_____	Other (explain)	_____	_____	_____	Total	\$ _____
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<p>C. Total Estimated Annual Costs</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">Existing Annual Debt Service (1)</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Existing O & M & R</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Proposed Add. Debt Service (2)</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Proposed Add. O & M & R</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Total Annual Costs</td> <td style="text-align: right;">\$ _____</td> </tr> </table> <p>1) See Part III, page 3</p> <p>2) Amount on line 20, Part I, at _____%, 20 yrs, with _____% reserve</p>	Existing Annual Debt Service (1)	\$ _____	Existing O & M & R	_____	Proposed Add. Debt Service (2)	_____	Proposed Add. O & M & R	_____	_____	_____	Total Annual Costs	\$ _____	<p>D. Rate Information</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">Res. Customers</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Equiv. Customers</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Annual Rate</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Monthly Rate (avg)</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Min. Rate</td> <td style="text-align: right;">\$ _____</td> </tr> </table> <p>Comments:</p>	Res. Customers	_____	Equiv. Customers	_____	Annual Rate	\$ _____	Monthly Rate (avg)	\$ _____	Min. Rate	\$ _____														
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<p>E. Applicant</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:20%;">Name</td> <td style="text-align: right;"><u>Town of Chapmanville</u></td> </tr> <tr> <td>Address</td> <td style="text-align: right;"><u>P.O. Box 426</u></td> </tr> <tr> <td>City</td> <td style="text-align: right;"><u>Chapmanville</u> Zip <u>25508</u></td> </tr> <tr> <td>Contact</td> <td style="text-align: right;"><u>Ms. Joy Vance, Mayor</u></td> </tr> <tr> <td>Telephone</td> <td style="text-align: right;"><u>855-4582</u></td> </tr> <tr> <td>Date</td> <td style="text-align: right;"><u>8/27/92</u></td> </tr> </table>	Name	<u>Town of Chapmanville</u>	Address	<u>P.O. Box 426</u>	City	<u>Chapmanville</u> Zip <u>25508</u>	Contact	<u>Ms. Joy Vance, Mayor</u>	Telephone	<u>855-4582</u>	Date	<u>8/27/92</u>	<p>F. Engineer</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:20%;">Name</td> <td style="text-align: right;"><u>Ghosh Engineers, Inc.</u></td> </tr> <tr> <td>Address</td> <td style="text-align: right;"><u>12th Floor, Union Building</u> <u>723 Kanawha Boulevard East</u></td> </tr> <tr> <td>City</td> <td style="text-align: right;"><u>Charleston</u> Zip <u>25301</u></td> </tr> <tr> <td>Contact</td> <td style="text-align: right;"><u>William "Bill" Cunningham</u></td> </tr> <tr> <td>Telephone</td> <td style="text-align: right;"><u>343-5300</u></td> </tr> <tr> <td>Date</td> <td style="text-align: right;"><u>8/27/92</u></td> </tr> </table>	Name	<u>Ghosh Engineers, Inc.</u>	Address	<u>12th Floor, Union Building</u> <u>723 Kanawha Boulevard East</u>	City	<u>Charleston</u> Zip <u>25301</u>	Contact	<u>William "Bill" Cunningham</u>	Telephone	<u>343-5300</u>	Date	<u>8/27/92</u>												
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<p>G. Other Comments</p> <p>The Town of Chapmanville water and sewer utilities operate under a combined loan. The Rule 42 Exhibit and Parity letter should provide the data necessary to satisfy the data requests of this section.</p>																																					



McNEAL, WILLIAMSON & CO.
Certified Public Accountants

Donald M. McNeal, CPA
Post Office Box 1839
Logan, West Virginia 25601
Phone (304) 752-0461

Daniel L. Williamson, CPA
525 Tiller St., Cherry Tree Addn.
Logan, West Virginia 25601
Fax (304) 752-4660

**\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992**

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

McNeal, Williamson & Co., Certified Public Accountants, have reviewed the combined water and sewer service rates of the Town of Chapmanville, West Virginia (the "Town") and the customer usage projection prepared by Ghosh Engineers, Inc., as Consulting Engineer for the Town. It is our opinion that those rates are adequate to pay operation and maintenance expenses, and to meet the debt service coverage requirements of the Waterworks and Sewerage System Revenue Bonds, Series 1992, and the Amendatory and Supplemental Bond and Note Ordinance adopted by the Council on August 20, 1992, effective September 10, 1992, and a Supplemental Resolution subsequently adopted by the Council on October 8, 1992, and are sufficient to comply with the provisions of the Loan Agreement entered into by and among the Town, the West Virginia Division of Environmental Protection, and the West Virginia Water Development Authority on September 21, 1992.

WITNESS our signature as of this 21st day of October,
1992.

McNeal, Williamson & Co.

By:

Certified Public Accountant



McNEAL, WILLIAMSON & CO.
Certified Public Accountants

Donald M. McNeal, CPA
Post Office Box 1839
Logan, West Virginia 25601
Phone (304) 752-0461

Daniel L. Williamson, CPA
525 Tiller St., Cherry Tree Addn.
Logan, West Virginia 25601
Fax (304) 752-4660

October 21, 1992

West Virginia Division of Environmental
Protection
Division of Water Resources
617 Broad Street
Charleston, WV 25301

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

RE: Town of Chapmanville Waterworks and Sewerage
System Revenue Bonds, Series 1992

Ladies and Gentlemen:

Based upon our investigation and a certification by the Consulting Engineers for the Town of Chapmanville, West Virginia (the "Town"), it is our opinion that the net revenues actually derived from the Town's combined water and sewerage system (the "System") during any twelve consecutive months within the eighteen months immediately preceding the proposed date of issuance of the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "Bonds"), plus the estimated average increased net revenues to be received in each of the three years succeeding completion of improvements to the System to be financed by the Bonds, which are to be issued on a parity with the Town's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Prior Bonds"), will be not less than 115% of the maximum debt service in any succeeding year on the Prior Bonds, as required by the parity test of Section 6.08 of the Bond Ordinance dated March 10, 1986, authorizing issuance of the Prior Bonds.

Very truly yours,

McNeal, Williamson & Co.
Certified Public Accountants

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 23rd day of October, 1992, by and between the TOWN OF CHAPMANVILLE, WEST VIRGINIA, a municipal corporation (the "Governmental Agency"), and One Valley Bank, National Association, Charleston, West Virginia (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$757,533 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "Bonds"), in the form of one bond, numbered R-1, in fully registered form pursuant to an Amendatory and Supplemental Bond and Note Ordinance duly passed August 20, 1992, effective September 10, 1992, and a Supplemental Resolution adopted October 8, 1992 (collectively, the "Ordinance");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar, for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Primary Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

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

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

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

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

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

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

GOVERNMENTAL AGENCY:

Town of Chapmanville
P. O. Box 426
County Route 3
Chapmanville, WV 25508
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
P. O. Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust

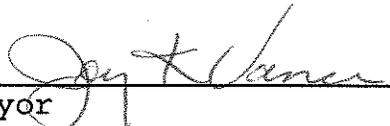
The Governmental Agency and the Registrar shall notify the other in writing of any change of address.

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

IN WITNESS WHEREOF, the TOWN OF CHAPMANVILLE and One Valley Bank, National Association, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF CHAPMANVILLE

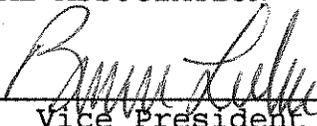
By



Mayor

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By:



Vice President

ABB014A3

EXHIBIT A

See Bond Ordinance (Tab No. 8)

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The Bank of Chapmanville, with its principal office in Chapmanville, West Virginia, hereby accepts appointment as Depository Bank in connection with an Amendatory and Supplemental Bond and Note Ordinance of the Town of Chapmanville, West Virginia duly passed on August 20, 1992, effective September 10, 1992, and the Supplemental Resolution adopted October 8, 1992 (collectively, the "Ordinance"), authorizing issuance of the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992, dated October 23, 1992, in the aggregate principal amount of \$757,533, (the "Bonds") and agrees to perform all duties of Depository Bank, all as set forth in said Ordinance.

Witness my signature as of the 23rd day of October, 1992.

BANK OF CHAPMANVILLE

By



T. Bart Willis
Vice President and Chief
Operating Officer

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

October 21, 1992

23 JKU C.B.W.

One Valley Bank, National Association
P. O. Box 1793
Charleston, West Virginia 25326

Ladies and Gentlemen:

We herewith hand to you, duly executed, \$757,533 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992, in the form of one bond numbered SR-1 (the "Bonds") of the Town of Chapmanville, West Virginia (the "Town"), authorized to be issued under and pursuant to the Amendatory and Supplemental Bond and Note Ordinance, duly passed by the Council of the Town on August 20, 1992, effective September 10, 1992, and a Supplemental Resolution adopted by the Council on October 8, 1992 (collectively, the "Ordinance").

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

TOWN OF CHAPMANVILLE

By Joy K. Vance
Mayor
Town of Chapmanville

(SEAL)

Attest:

Claude Whitman
Recorder, the Town of Chapmanville

ABB014AB

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

CERTIFICATE OF REGISTRATION OF BONDS

I, Bruce C. Leckie, Vice President of One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 23rd day of October, 1992, the bonds of The Town of Chapmanville, West Virginia in the principal amount of \$757,533 designated the "Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992" (the "Sewer Revenue Bonds"), and numbered R-1, dated as of the date hereof, was 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 One Valley Bank, National Association, Charleston, West Virginia, as Registrar.

WITNESS my signature as of the 23rd day of October, 1992.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

By

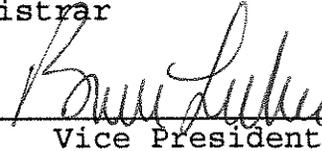

Vice President

ABB014A0

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

RECEIPT FOR BONDS

The undersigned, Barbara B. Meadows, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 23rd day of October, 1992, in Dunbar, West Virginia, the Authority received the entire original issue of \$757,533 in aggregate principal amount of the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "Bonds"), said Bond being dated the 23rd day of October, 1992; and issued in the form of one bond, fully registered to the Authority, and numbered R-1.

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

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 23rd day of October, 1992.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By Barbara B. Meadows
Secretary-Treasurer

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

RECEIPT FOR BOND PROCEEDS

The undersigned Joy K. Vance, Mayor of the Town of Chapmanville (the "Town"), hereby certifies as follows:

1. The Town has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") as original purchaser of the Town's \$618,069 Sewer Revenue Bond, Series 1991, a portion of the proceeds of said bond in the amount of \$37,876, the balance of the principal amount of the Bonds will be advanced by the Authority and DEP to the Town as acquisition and construction of the Project progresses.

IN WITNESS WHEREOF, the Town of Chapmanville has caused this receipt to be executed by the Mayor of the Town of Chapmanville on this ~~21st~~ day of October, 1992.

23rd JKV
TOWN OF CHAPMANVILLE

By


MAYOR

ABB014AD

DEPOSITED WITH

C-122

Bank of Chapmanville

Your Community Bank

CHAPMANVILLE, WEST VIRGINIA

855-7000 or 752-7000

Deposit Receipt

YOUR RECEIPT

PLEASE KEEP THIS AS YOUR RECORD
ALL ITEMS ARE CREDITED SUBJECT TO PAYMENT

A6006-012 10/26/92 C-VILLE COPY 04:17p
CHECKING CHECK DEP
Acct # 7106 \$37,876.00*
Thank you, Your Community Bank
Bank of Chapmanville

The Bank symbol, transaction number, date and amount of deposit are shown above.



DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION

1201 Greenbrier Street
Charleston, WV 25311-1088

Gaston Caperton
Governor

John M. Ranson
Cabinet Secretary

David C. Callaghan
Director

Ann A. Spaner
Deputy Director

October 23, 1992

Robert G. Vance, Chairman
Town of Chapmanville
Water and Sewer Board
P. O. Box 426
Chapmanville, WV 25508

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0024678
Modification No. 1

Dear Mr. Vance:

This letter serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0024678, issued the 24th day of September 1990.

After review and consideration of the information submitted on and with Permit Modification Application No. WV0024678-A, dated the 11th day of May 1992, the plans and specifications and other relevant information, the subject permit is hereby modified to acquire, construct, install, operate and maintain improvements to the existing wastewater treatment plant and wastewater collection system to be comprised of a mechanical bar screen and grit removal facilities to replace the existing preliminary treatment units, an aeration chamber with a volume of 199,317 gallons, a clarifier with a volume of 55,563 gallons and a surface area of 490 square feet, a chlorine contact chamber with a volume of 4,356 gallons, two(2) aerobic digesters with a volume of 30,000 gallons each, a belt press sludge dewatering unit, refurbishment of the existing wastewater treatment plant, refurbishment of the existing lift stations, rehabilitation of the existing wastewater collection system and all requisite appurtenances.

Upon completion of the upgrading project, the wastewater treatment plant will be a 0.4 MGD extended aeration plant comprised of a mechanical bar screen, grit removal facilities, two(2) aeration chambers with a volume of 199,317 gallons each, two(2) clarifiers with a volume of 55,563 gallons and a surface area of 490 square feet each, two(2) chlorine contact chambers with a volume of 4,356 gallons each, two(2) aerobic digesters with a volume of 30,000 gallons each, a belt press sludge dewatering unit and all requisite appurtenances.

Robert G. Vance, Chairman
Page 2
October 23, 1992

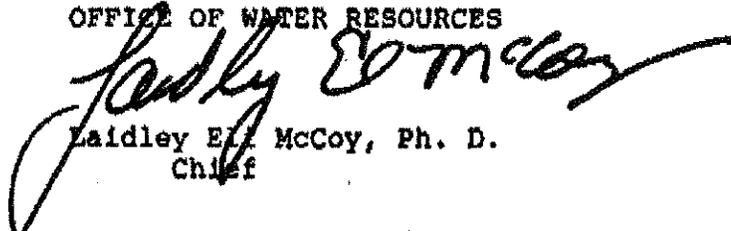
The wastewater treatment plant and collection system improvements project shall be constructed in accordance with the plans and specifications, approved the 25th day of June 1992, prepared by Ghosh Engineers Inc., 723 Kanawha Boulevard East, Charleston, WV, and entitled "Town of Chapmanville, Wastewater System Improvements, Logan County, West Virginia, Contract 1 - Treatment Plant Upgrade, Contract 2 - Sanitary Sewers, SRF Project No. C-544009."

Enclosed are revised page 2 of 9 and page 2B of 9 along with a Discharge Monitoring Report. These documents shall supersede the ones currently in your possession and should be incorporated into your existing permit.

All other terms and conditions of the subject permit shall remain in effect and unchanged.

Very truly yours,

OFFICE OF WATER RESOURCES



Laidley E. McCoy, Ph. D.
Chief

LEM:jdm

Enclosures

Information Return for Tax-Exempt Governmental Obligations

Under Section 149(e)
See separate instructions
(Use Form 8038-GC if the issue price is under \$100,000)

OMB No. 1545-0720
Expires 5-31-92

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>
1 Issuer's name Town of Chapmanville	2 Issuer's employer identification number 55-6001458001	
3 Number and street P. O. Box 426, County Route 3	4 Report number G1992 - 1	
5 City or town, state, and ZIP code Chapmanville, WV 25508	6 Date of issue 10/23/92	
7 Name of Issue \$757,533 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992	8 CUSIP Number None	

Part II Type of Issue (check box(es) that applies and enter the Issue Price)		Issue price
9 Check box if obligations are tax or other revenue anticipation bonds <input type="checkbox"/>		
10 Check box if obligations are in the form of a lease or installment sale <input type="checkbox"/>		
11 <input type="checkbox"/> Education		\$
12 <input type="checkbox"/> Health and hospital		
13 <input type="checkbox"/> Transportation		
14 <input type="checkbox"/> Public safety		
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)		757,533
16 <input type="checkbox"/> Housing		
17 <input type="checkbox"/> Utilities		
18 <input type="checkbox"/> Other. Describe (see Instructions) ▶		

Part III Description of Obligations							
	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19	Final maturity	09/01/13	3 %	12,532.72	12,532.72		
20	Entire issue		757,533	12,532.72	11.115 years	%	3.0 %
						3.0112503	

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)			21	0
21	Proceeds used for accrued interest		22	757,533
22	Issue price of entire issue (enter line 20c)		23	8,000
23	Proceeds used for bond issuance costs (including underwriters' discount)		24	0
24	Proceeds used for credit enhancement		25	0
25	Proceeds allocated to reasonably required reserve or replacement fund		26	0
26	Proceeds used to refund prior issues		27	8,000
27	Total (add lines 23, 24, 25, and 26)		28	749,533
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)			

Part V Description of Refunded Bonds (complete this part only for refunding bonds)	
29	Enter the remaining weighted average maturity of the bonds to be refunded <input type="checkbox"/> N/A years
30	Enter the last date on which the refunded bonds will be called <input type="checkbox"/>
31	Enter the date(s) the refunded bonds were issued <input type="checkbox"/>

Part VI Miscellaneous	
32	Enter the amount of the state volume cap allocated to the issue <input type="checkbox"/> N/A
33	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) <input type="checkbox"/> N/A
34	Pooled financings:
a	Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units <input type="checkbox"/>
b	Check box if this issue is a loan made from the proceeds of another tax-exempt issue <input type="checkbox"/> and enter the name of the issuer <input type="checkbox"/> and the date of the issue <input type="checkbox"/>

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

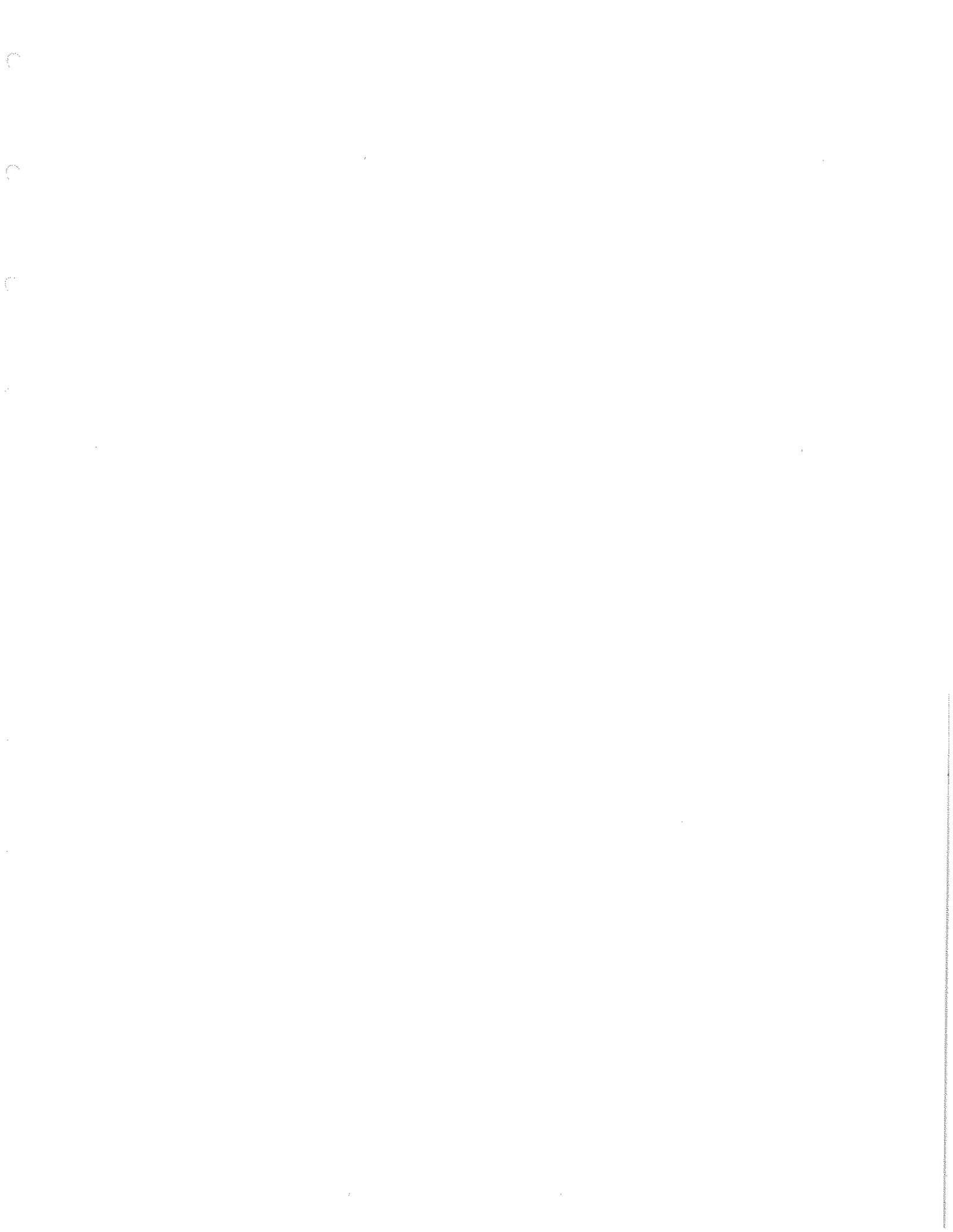
Please Sign Here


Signature of officer

10/23/92
Date

Joy K. Vance, Mayor

Type or print name and title



WV MUNICIPAL BOND COMMISSION
 Suite 337 Building 3
 1800 Washington St. E
 State Capitol Complex
 Charleston, WV 25305
 (304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: 10/23/92

(See Reverse for Instructions)

ISSUE: \$757,533 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992

ADDRESS: Town of Chapmanville
P. O. Box 426, County Route 3, Chapmanville, WV 25508 COUNTY: Logan

PURPOSE: New Money X

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: 10/21/92 CLOSING DATE: 10/23/92

ISSUE AMOUNT: \$ 757,533 RATE: 3%

1st DEBT SERVICE DUE: 12/93 1st PRINCIPAL DUE: 12/93

1st DEBT SERVICE AMOUNT: \$12,626.72 PAYING AGENT: WV Municipal Bond Commission

ISSUERS
 BOND COUNSEL: Jackson & Kelly

Contact Person: Sanne L. Gee
 Phone: (304) 340-1318

CLOSING BANK: Bank of Chapmanville

Contact Person: Bart Willis
 Phone: 855-7000

UNDERWRITERS
 BOND COUNSEL: None

Contact Person: _____
 Phone: _____

ESCROW TRUSTEE: None

Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Lana Pritchard/Mayor Vance
 Position: _____
 Phone: 855-4582

OTHER: _____

Function: _____
 Phone: _____

DEPOSITS TO MBC AT CLOSE: _____

By _____ Wire	Accrued Interest:	\$	<u>None</u>
_____ Check	Capitalized Interest:	\$	_____
	Reserve Account:	\$	_____
	Other:	\$	_____

REFUNDS & TRANSFERS BY MBC AT CLOSE: _____

By _____ Wire	To Escrow Trustee:	\$	<u>None</u>
_____ Check	To Issuer:	\$	_____
_____ IGT	To Cons. Invest. Fund:	\$	_____
	To Other:	\$	_____

NOTES: SRF Loan

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
 REQUIRED: _____
 TRANSFERS
 REQUIRED: _____

The purpose of the **NEW ISSUE REPORT FORM** is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all suppliments, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.



STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064

\$757,533 TOWN OF CHAPMANVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992

CONSENT OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

I, Daniel B. Yonkosky, Director of the West Virginia Water Development Authority (the "WDA"), owner of the Town of Chapmanville's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Senior Bonds") and Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Junior Bonds") do hereby consent to the issuance of the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "Series 1992 Bonds") with the Series 1992 Bonds having a lien on the revenues of the System on a parity with the lien of the Senior Bonds and senior to the lien of the Junior Bonds.

WITNESS my signature this 23rd day of October, 1992.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Daniel B. Yonkosky
Daniel B. Yonkosky, Director

JACKSON & KELLY
ATTORNEYS AT LAW

1600 LAIDLEY TOWER
P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

1701 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20006
TELEPHONE 202-956-7680

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6088

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

250 CHARLES STREET
SISTERSVILLE, WEST VIRGINIA 26175
TELEPHONE 304-652-5541

October 23, 1992

West Virginia Division of Environmental
Protection
Division of Water Resources
617 Broad Street
Charleston, WV 25301

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

Gentlemen:

We are bond counsel to the Town of Chapmanville (the "Local Government"), a municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated September 21, 1992, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Local Government, the West Virginia Division of Environmental Protection and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, dated October 23, 1992 (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 \$757,533, issued in the form of one bond registered as to principal and interest to the Authority, with both principal and interest payable March 1, June 1, September 1, and December 1 of each year, beginning December 1, 1993, at the rate of three percent (3%) per annum and as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds bear no interest during the construction period.

The Local Bonds are issued for the purpose of paying a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing public sewerage facilities of the combined waterworks and sewerage system of the Local Government (the "Project") and paying certain issuance and other costs in connection therewith.

JACKSON & KELLY

West Virginia Division of Environmental
Protection
West Virginia Water Development
Authority
October 23, 1992
Page 2

We have also examined the applicable provisions of Chapter 8, Article 20 and Chapter 20, Article 5I of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond ordinance duly enacted by the Local Government on August 20, 1992 (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government 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 Local Government without the consent of the Authority.

3. The Local Government is a duly organized and presently existing municipal corporation and polished subdivision 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 Local Government has legally and effectively enacted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Local Government, 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, on a parity, with respect to liens, pledge and source of and security for payment with the Local Governments outstanding Subordinate

JACKSON & KELLY

West Virginia Division of Environmental
Protection
West Virginia Water Development
Authority

October 23, 1992

Page 3

Waterworks and Sewerage System Revenue Bonds, Series 1986 and senior to the lien, pledge and source of and security for payment of the Local Government's outstanding Supplemental Waterworks and Sewerage System Revenue Bonds, Series 1986, 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. Under existing laws, regulations, public rulings, and judicial decisions, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (just defined for federal income tax purposes), such interest is taken into account in determining the adjusted current earnings. The opinion set forth in the preceding sentences are subject to the condition that the Local Government comply with all covenants, certifications, expectations and representations set forth in the Ordinance, the Certificate as to Non-Arbitrage, and other certificates relating to tax-exemption and all requirements of Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such Code provisions or covenants, certifications, expectations, or representations may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

JACKSON & KELLY

West Virginia Division of Environmental
Protection
West Virginia Water Development
Authority
October 23, 1992
Page 4

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

Very truly yours,

Jackson & Kelly

ABB01446

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

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TELEPHONE 304-652-5541

October 23, 1992

The Town of Chapmanville
P. O. Box 426
County Route 3
Chapmanville, WV 25508

Re: \$757,533 Town of Chapmanville Waterworks
and Sewerage System Revenue Bonds, Series 1992

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the \$757,533 in aggregate principal amount of the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "Bonds"), issued by the Town of Chapmanville (the "Town"), a municipal corporation and a Certificate as to Non-Arbitrage executed by Joy K. Vance, Mayor of the Town of Chapmanville on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Non-Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") to support the conclusion that the Bonds are not "arbitrage bonds" as therein defined.

While we have undertaken no independent verification or investigation of the certifications, statements, expectations or representations set forth in such Certificate as to Non-Arbitrage, no matters have come to our attention which in our opinion make unreasonable or incorrect the representations made in such certification.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Bonds are not "arbitrate bonds" as so defined. It is our further opinion, based upon such Certificate as to Non-Arbitrage and under existing statutes, regulations, rulings and court decisions, that proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

JACKSON & KELLY

The Town of Chapmanville
October 23, 1992
Page 2

Please be advised that this opinion is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds not be "arbitrage bonds." Failure to comply with certain of such requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Town has covenanted to comply with all such requirements.

Very truly yours,

Jackson & Kelly

ABB01499

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

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October 23, 1992

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Chapmanville, WV 25508

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We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Non-Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") to support the conclusion that the Bonds are not "arbitrage bonds" as therein defined.

While we have undertaken no independent verification or investigation of the certifications, statements, expectations or representations set forth in such Certificate as to Non-Arbitrage, no matters have come to our attention which in our opinion make unreasonable or incorrect the representations made in such certification.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Bonds are not "arbitrage bonds" as so defined. It is our further opinion, based upon such Certificate as to Non-Arbitrage and under existing statutes, regulations, rulings and court decisions, that proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

1. The Loan Agreement has been duly authorized, executed and delivered by the Town and, assuming due authorization, valid and binding agreement of Town in accordance with its terms.

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

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

4. The Town has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia (the "PSC"), and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered September 24, 1992 (Case No. 92-0453-S-CN), granting to the Town a Certificate of Convenience and Necessity with request to the Project has not expired prior to the date hereof. The Town and PSC staff are the only parties who may appeal the order granting a Certificate of Public Convenience and Necessity. The Town does not intend to appeal such Order and the PSC staff has waived the appeal period.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do constitute on the part of the Town a breach of or default under any agreement or other instrument to which the Town is a party or any existing law, regulation, court order or consent decree to which the Town is subject.

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

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened wherein the transactions contemplated by or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,



Counsel to the Town of Chapmanville

BLS:js