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TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

Closing Date: August 24, 1999

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TRANSCRIPT OF PROCEEDINGS

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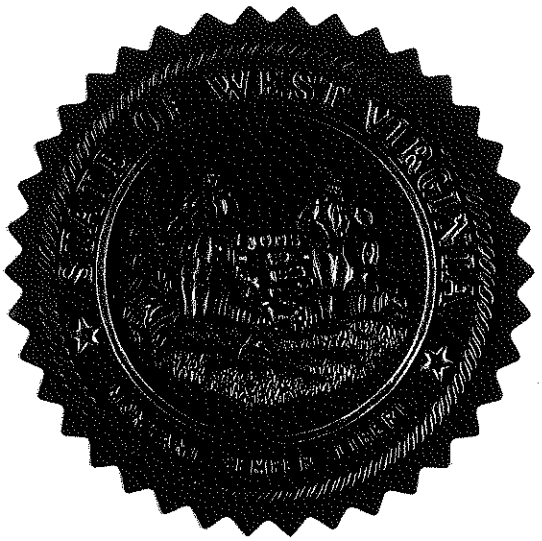
The closing of the sale of the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), will take place at the office of the West Virginia Water Development Authority in Charleston, West Virginia, at 10:30 a.m., prevailing time on August 24, 1999. 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.

State of West Virginia

Certificate

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

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



Given under my hand and the Great Seal of the State of West Virginia on this Twenty-fourth *day of* August *19* 99

Secretary of State

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. (1961, c. 104; 1969, c. 86; 1978, c. 72; 1990, c. 141.)

§ 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.)

§ 8-19-21. Specifications for water mains and water service pipes.

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs, constructs, maintains, or upgrades water mains, shall ensure that all new mains specifically intended to provide fire protection are supplied by mains which are not less than six inches in diameter. A permit or other written approval shall be obtained from the department of health and human resources for each hydrant or group of hydrants installed in compliance with section nine [§ 16-1-9], article one, chapter sixteen of the West Virginia code as amended: Provided, That all newly constructed water distribution systems transferred to a public or private utility shall have mains at least six inches in diameter where fire flows are desired or required by the public or private utility: Provided, however, That the utility providing service has sufficient hydraulic capacity as determined by the department of health and human resources. (1994, c. 31.)

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

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

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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 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.)

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, 180 W. Va. 387, 376 S.E.2d 593 (1988).

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.

§ 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.)

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; refund of outstanding obligations or securities by sale or exchange of bonds.

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any 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 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;

(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; 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 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 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.)

§ 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 water-

works and sewerage system and the application of the same. At least once each year such municipality shall cause such accounts to be properly audited, 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 of 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, lst 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 is, without reference to any other statute or charter provision, full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined waterworks and sewerage system herein provided for and for the issuance and sale of the bonds by this article authorized, and is an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any 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 the issuance or sale of such bonds is required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the bureau of public health and the division of environmental protection remain unaffected by this article.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1994, c. 61.)

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.)

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

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

ARTICLE 20A.

NEIGHBORHOOD REHABILITATION.

Sec.
8-20A-1. Legislative findings and purpose.
8-20A-2. Definitions.
8-20A-3. Neighborhood rehabilitation fund.
8-20A-4. Inspection and technical assistance.
8-20A-5. Deferral of repayment.

§ 8-20A-1. Legislative findings and purpose.

(a) The legislature hereby finds and declares that the lack of safe, decent, sanitary and affordable owner-occupied and rental dwellings is one of the most serious problems facing this State and that a major contributing factor to this problem is the deterioration of the State's existing housing stock; that these deteriorating dwellings exist in both the urban and rural areas of the State; that a disproportionate number of owners of these deteriorating dwellings are older, less affluent and otherwise less able to afford the expense of the remodeling, repairing and rehabilitating of their residences necessary to maintain such residences in a sanitary, safe and decent condition; that because of the lack of acceptable loan collateral, the age of their residences and the location and age of the neighborhoods in which their residences are located, many of such owners have not been able to borrow funds necessary to effect such remodeling, repair and rehabilitation; and that some of such homeowners who have been able to obtain funds for such purposes have been able to do so only upon rates of interest and upon other terms and conditions which are particularly onerous and disadvantageous to such owners.

(b) The legislature further finds and declares that the assistance authorized in this article will provide, and will encourage private lenders to provide, to such owners, more readily and at rates of interest and upon other terms and conditions significantly more favorable to such owners, the loans necessary to finance the cost of such remodeling, repair and rehabilitation.

(c) The legislature further finds and declares that the powers granted to municipalities and counties in this article will enable them to maximize the use of federal programs for housing rehabilitation.

(d) The legislature further finds and declares that it is manifestly in the public interest to foster the pride, self-respect and esteem incident to home ownership and to encourage and assist in the maintenance of residences, both owner occupied and rental, in a safe, decent and sanitary condition; that without the assistance authorized in this article, there will be continued deterioration of housing with the resultant proliferation of slums, higher crime rates and general decline in civic pride, public spirit and the quality of life, with all of the public cost, direct and indirect, attendant thereon; and that accordingly by providing such assistance, any municipality or county will be acting in all respect for the benefit of the people of the State of West Virginia and shall thereby serve a public purpose in improving and otherwise promoting their health, welfare and prosperity. In order to carry out the general purposes stated herein, the legislature further declares that the governing body of any county or municipality shall, insofar as it may deem reasonable

State of West Virginia

Certificate

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

THIS IS A TRUE COPY OF CHAPTER 22C, ARTICLE 2 OF THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

Eighteenth *day of*

August *19* *99*

Ken Hechler

Secretary of State

1B

the necessary appurtenances in the new location in, on, over or under the property of the authority for as long a period and upon the same terms as it had the right to maintain and operate such facilities in their former location. (1994, c. 61.)

§ 22C-1-24. Financial interest in contracts prohibited; penalty.

No officer, member or employee of the authority shall be financially interested, directly or indirectly, in any contract of any person with the authority, or in the sale of any property, real or personal, to or from the authority. This section does not apply to contracts or purchases of property, real or personal, between the authority and any governmental agency. If any officer, member or employee of the authority has such financial interest in a contract or sale of property prohibited hereby, he or she is guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than one thousand dollars, or imprisoned in the county jail not more than one year, or both fined and imprisoned. (1994, c. 61.)

§ 22C-1-25. Meetings and records of authority to be kept public.

All meetings of the authority shall be open to the public and the records of the authority shall be open to public inspection at all reasonable times, except as otherwise provided in this section. All final actions of the authority shall be journalized and such journal shall also be open to the inspection of the public at all reasonable times. Any records or information relating to secret processes or secret methods of manufacture or production which may be obtained by the authority or other persons acting under authority of this article are confidential and shall not be disclosed. (1994, c. 61.)

§ 22C-1-26. Liberal construction of article.

The provisions of this article are hereby declared to be remedial and shall be liberally construed to effectuate its purposes and intents. (1994, c. 61.)

§ 22C-1-27. Authorized limit on borrowing.

The aggregate principal amount of bonds and notes issued by the authority shall not exceed three hundred million dollars outstanding at any one time: Provided, That in computing the total amount of bonds and notes which may at any one time be outstanding, the principal amount of any outstanding bonds or notes refunded or to be refunded either by application of the proceeds of the sale of any refunding bonds or notes of the authority or by exchange for any refunding bonds or notes, shall be excluded. (1994, c. 61; 1995, c. 252.)

ARTICLE 2.

WATER POLLUTION CONTROL REVOLVING FUND ACT.

Sec.
22C-2-1. Definitions.
22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.
22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.
22C-2-4. Annual audit.
22C-2-5. Collection of money due to the fund.
22C-2-6. State construction grants program established; special fund.
22C-2-7. Environmental review of funded projects.
22C-2-8. Conflicting provisions.

Editor's notes. — The Water Pollution Control Revolving Fund Act was formerly compiled in c. 20, art. 5I.

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§ 22C-2-1. Definitions.

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

(a) "Authority" means the water development authority provided for in section four [§ 22C-1-4], article one of this chapter.

(b) "Cost" as applied to any project financed under the provisions of this article means the total of all costs incurred by a local entity that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project including:

(1) Developmental, planning and feasibility studies, surveys, plans and specifications;

(2) Architectural, engineering, financial, legal or other special services;

(3) Acquisition of land and any buildings and improvements on the land or buildings, including the discharge of any obligations of the sellers of the land, buildings or improvements;

(4) Site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment;

(5) The reasonable costs of financing incurred by the local entity in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, and the funding of accounts and reserves which the authority may require; and

(6) Other items that the division of environmental protection determines to be reasonable and necessary.

(c) "Fund" means the state water pollution control revolving fund provided for in this article as it may be expanded or modified from time to time pursuant

to the clean water act, as amended, the federal safe drinking water act, as amended or by the executive order of the governor issued to comply with federal laws relating to the acts.

(d) "Instrumentality" means the division of environmental protection or the agency designated by an order of the governor as having the primary responsibility for administering the fund pursuant to the federal clean water act, as amended, and the federal safe drinking water act, as amended, or other federal laws.

(e) "Local entity" means any county, city, town, municipal corporation, authority, district, public service district, commission, banking institution or political subdivision in West Virginia.

(f) "Project" means any public water or wastewater treatment facility located or to be located in or outside this state by a local entity and includes:

(1) Sewage and wastewater collection, treatment and disposal facilities;

(2) Public water transportation, treatment and distribution facilities;

(3) Drainage facilities and projects;

(4) Administrative, maintenance, storage and laboratory facilities related to the facilities delineated in subdivisions (1), (2) and (3) of this subsection;

(5) Interests in land related to the facilities delineated in subdivisions (1), (2), (3) and (4) of this subsection; and

(6) Other projects allowable under federal law. (1994, c. 61; 1996, c. 257.)

§ 22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.

The division of environmental protection shall act as the instrumentality that is empowered to enter into capitalization agreements with the United States environmental protection agency, to accept capitalization grant awards made under the federal clean water act, as amended, the safe drinking water act, as amended, and other federal laws and to otherwise manage the fund provided for in this article in accordance with the requirements of said federal laws. (1994, c. 61.)

§ 22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.

(a) Under the direction of the division of environmental protection, the water development authority shall establish, administer and manage a permanent and perpetual fund, to be known as the "West Virginia Water Pollution Control Revolving Fund." The fund shall be comprised of moneys appropriated to the fund by the Legislature, moneys allocated to the state by the federal government expressly for the purposes of establishing and maintaining a state water pollution control revolving fund, all receipts from loans made from the fund to local entities, all income from the investment of moneys held in the

fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans to local entities to finance or refinance the costs of a project: Provided, That moneys in the fund shall be utilized to defray the costs incurred by the authority and the division of environmental protection in administering the provisions of this article: Provided, however, That moneys in the fund shall be used to make grants for projects to the extent allowed or authorized by federal law.

(b) The director of the division of environmental protection, in consultation with the authority, shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code, to:

(1) Govern the disbursement of moneys from the fund; and

(2) Establish a state water pollution control revolving fund program to direct the distribution of grants or loans from the fund to particular local entities and establish the interest rates and repayment terms of the loans.

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

(d) The authority shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to govern the pledge of loans to secure bonds of the authority.

(e) All moneys belonging to the fund shall be kept in appropriate depositories and secured in conformance with this code. Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Any depository or officer of the depository to which moneys of the fund are paid shall act as trustee of the moneys and shall hold and apply them solely for the purposes for which the moneys are provided under this article. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code. (1994, c. 61; 1996, c. 257.)

§ 22C-2-4. Annual audit.

The authority shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants, and the cost thereof may be defrayed as a part of the cost of construction of a project or as an administrative expense under the provisions of subsection (a), section three [§ 22C-2-3(a)] of this article. (1994, c. 61.)

§ 22C-2-5. Collection of money due to the fund.

In order to ensure the timely payment of all sums due and owing to the fund under a revolving fund loan agreement between the state and a local entity,

and notwithstanding any provisions of this code to the contrary, the authority has and may, at its option, exercise the following rights and remedies in the event of any default by a local entity under a loan agreement:

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

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

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

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

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

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

The rights and remedies enumerated in this section are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement. (1994, c. 61; 1996, c. 257.)

§ 22C-2-6. State construction grants program established; special fund.

(a) The director of the division of environmental protection shall promulgate rules in accordance with the provisions of chapter twenty-nine-a [§ 29A-1-1 et seq.] of this code to establish a state construction grants program that is designed to complement and supplement the state water pollution control revolving fund program established pursuant to subsection (b), section three [§ 22C-2-3(b)] of this article.

(b) The special fund designated "The West Virginia Construction Grants Fund" established in the state treasury is continued. The special fund shall be comprised of moneys appropriated to said fund by the Legislature, assessments on existing wastewater treatment facilities, and all other sums designated for deposit to the special fund from any source, public or private: Provided, That such assessments shall be made and collected in accordance with fee schedules to be established by legislative rules promulgated by the director of the division of environmental protection, in accordance with chapter twenty-nine-a of this code. Moneys in the special fund shall be used solely for the state construction grants program established under subsection (a) of this section: Provided, however, That moneys in the special fund may be utilized to

defray the costs incurred by the division of environmental protection in administering the provisions of this section. (1994, c. 61.)

§ 22C-2-7. Environmental review of funded projects.

(a) The division of environmental protection shall conduct an environmental review on each project funded under this article. The director of the division of environmental protection shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to implement the environmental review of funded projects: Provided, That the rules shall be consistent with the regulations promulgated by the United States environmental protection agency pursuant to the federal clean water act, as amended.

(b) The director of the division of environmental protection is authorized to direct a local entity, or its agent, to implement all measures that, in the judgment of the director, are necessary in order to mitigate or prevent adverse impacts to the public health, safety or welfare or to the environment that may result from a project funded under this article. The director is further authorized to require all projects to comply with all other appropriate federal laws and regulations that are required of the projects under the federal clean water act, as amended. (1994, c. 61; 1996, c. 257.)

§ 22C-2-8. Conflicting provisions.

The provisions of this article shall be liberally construed to the end that its beneficial purposes may be effectuated. Insofar as the provisions of this article are inconsistent with the provisions of any other general, special or local law, the provisions of this article are controlling. (1994, c. 61.)

ARTICLE 3.

SOLID WASTE MANAGEMENT BOARD.

Sec.
22C-3-1. Short title.
22C-3-2. Legislative findings; declaration of policy and responsibility; purpose and intent of article.
22C-3-3. Definitions.
22C-3-4. Solid waste management board; organization of board; appointment and qualification of board members; their term of office, compensation and expenses; director of board.
22C-3-5. Board to designate and establish disposal sheds; construction, maintenance, etc., of disposal projects; loan agreements; compliance with federal and state law.
22C-3-6. Powers, duties and responsibilities of board generally.
22C-3-7. Development of state solid waste management plan.
22C-3-8. Power of board to collect service charges and exercise other powers of governmental agencies in event of default; power to require governmental agencies to enforce their rights.
22C-3-9. Development and designation of solid waste disposal sheds by board.
22C-3-10. Board empowered to issue solid waste disposal revenue bonds, renewal notes and refunding bonds; requirements and manner of such issuance.
22C-3-11. Establishment of reserve funds, replacement and improvement funds and sinking funds; fiscal

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 Jean 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 3° 35' W 80 feet to a stake on the left (West) bank of Peter Fry Branch; thence up Peter Fry Branch N 48° E 488 feet to a stake; thence S 50° 30' E 2200 feet to a stake; thence S 11° 20' W 715 feet across the County road to a stake; thence S 66° 45' W 795 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 835 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 35° 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 1088 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 805 feet across said river to the place of beginning, comprising an area of 856.8 acres, more or less.

An accurate survey and map of the proposed corporation limits, showing the courses and distances of the boundaries thereof and the amount of territory contained therein, and an accurate census of the resident population of such territory as of the 26 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 A.M. and close at 7:30 o'clock P.M.

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

Ernest Dent

George S. Chapman

J. W. Barker

[illegible] INCORPORATION

[illegible] under the [illegible] Ferrell, was this day filed, showing that a majority of all [illegible] qualifi[illegible] [illegible] 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° 50' E 2[illegible]00 feet to a stake; thence S 11° 20' W 716 feet across the county road to a stake; thence S 46° 45' W 79[illegible] feet across the Kanawha Branch of the Guyandotte River to a stake; thence S 0° 30' W 1[illegible] 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° [illegible] W 6[illegible] feet to a stake; thence S 73° W 580 feet across the Chesapeake and Ohio Railroad to a stake on the East bank of the said river; [illegible] 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 85° 30' E 18[illegible] feet [illegible] said river to the Crawley Creek road; thence N [illegible] W 10[illegible] across said river and along the South side of the said Crawley Creek road to a stake; thence N 6[illegible] 45' W 116[illegible] feet across the said Crawley Creek road to a stake on the South bank at the bend of said river; thence S 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 236.6 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 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 [illegible] from and after the date of this certificate.

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

Clerk of the Circuit Court of [illegible] County, West Virginia

By _____ Deputy

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 75° 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 P. Vinyard

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

By Tilda Ellis Deputy

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

CHAPTER ONE

General Provisions

Sec. 1-1 How ordinances designated and cited

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

Sec. 1-2 Definitions and rules of construction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Real property shall include lands, tenements and hereditaments.

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

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

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

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

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

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

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

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

Year. The word "year" shall mean a calendar year, and the word "year" alone shall be equivalent ot 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 prosent 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. Originial 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 coucnil during which such vote was taken. A motion to reconsider shall have precedence over all other questions, and when it has once been put and lost, it shall not be renewed.

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

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

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

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

Sec. 26--Recordation of dissent.

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

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

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

Article 3. Town Owned Vehicles and Mobile Equipment.

Sec. 1--Display name of Town

All town-owned motor vehicles and mobile equipment shall

TOWN OF CHAPMANVILLE

First Reading: 9/11/97

Second Reading: 9-25-97

Adopted: 9-25-97

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

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

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

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

ADOPTED:

FILED:

RECORDED:

MAYOR

RECORDER

RULES OF PROCEDURE
OF THE TOWN OF CHAPMANVILLE

Introduced in Council on August 12, 1999

Introduced by Joy Vance, Mayor

Adopted by Council on August 12, 1999

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

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

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

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

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

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

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

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

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

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

News Media	Address
The Logan Banner	P.O. Box 720 Logan, WV 25601

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

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

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

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

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

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

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

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

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

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

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

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

Adopted this 12th day of August, 1999.

Mayor

[SEAL]

Attest:

Recorder

CERTIFICATION

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

Dated this 24th day of August, 1999.

[SEAL]

Recorder

07/29/99
003791/00301

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, JOY VANCE, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of 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 17 day of June, 1999.

My commission expires: [illegible].

Official Seal
Notary Public, State of West Virginia
Claude C. Workman
P.O. Box 774
Chapmanville, WV 25508
My commission expires March 6, 2002

NOTARY PUBLIC

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

Dated this the 17 day of June, 1999.

RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, CLAUDE WORKMAN, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of 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 17 day of June, 1999.

My commission expires: May 8, 2001

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JOY K. VANCE
P. O. BOX 28
CHAPMANVILLE, WV 25508
My Commission Expires May 8, 2001

Joy K. Vance
NOTARY PUBLIC

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

Dated this the 17 day of June, 1999.

Claude Workman
RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

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

Brett Workman
BRETT WORKMAN

Taken, subscribed and sworn to before me this 8 day of June, 1999.

My commission expires: OFFICIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA JOY K. VANCE P. O. BOX 28 CHAPMANVILLE, WV 25508 My Commission Expires May 6, 2001.

Joy K. Vance
NOTARY PUBLIC

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

Dated this the 18 day of June, 1999.

Wanda Workman
RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, ANITA ELLIS HAGERTY, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of Council Member of the Town of Chapmanville, West Virginia, to the best of my skill and judgment, so help me God.

Anita Ellis Hagerty
ANITA ELLIS HAGERTY

Taken, subscribed and sworn to before me this the 17 day of June, 1999.

My commission expires: _____.

Official Seal
Notary Public, State of West Virginia
Claude B. Workman
P.O Box 774
Chapmanville, WV 25508
My commission expires March 9, 2008

Claude Workman
NOTARY PUBLIC

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

Dated this the 17 day of June, 1999.

Claude Workman
RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

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

James Robinson
JAMES ROBINSON

Taken, subscribed and sworn to before me this the 17 day of June, 1999.

My commission expires: _____.

Official Seal
Notary Public, State of West Virginia
Claude B. Workman
P.O Box 774
Chapmanville, WV 25508
My commission expires March 9, 2008

Claude Workman
NOTARY PUBLIC

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

Dated this the 17 day of June, 1999.

RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

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

James R. Farley
JAMES R. FARLEY

Taken, subscribed and sworn to before me this the 17 day of June, 1999.

Official Seal
Notary Public, State of West Virginia
Claude B. Workman
P.O Box 774
Chapmanville, WV 25508
My commission expires March 9, 2008

My commission expires: _____.

Claude Workman
NOTARY PUBLIC

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

Dated this the 17 day of June, 1999.

Claude Workman
RECORDER OF THE TOWN OF CHAPMANVILLE

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

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

Ona Teaberry Mullins
ONA (TEABERRY) MULLINS

Taken, subscribed and sworn to before me this the 17 day of June, 1999.

My commission expires: _____.

Official Seal
Notary Public, State of West Virginia
Claude B. Workman
P.O Box 774
Chapmanville, WV 25508
My commission expires March 9, 2008

Claude Workman
NOTARY PUBLIC

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

Dated this the 17 day of June, 1999.

Claude Workman
RECORDER OF THE TOWN OF CHAPMANVILLE

RECYCLED

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

THE TOWN COUNCIL OF THE TOWN OF CHAPMANVILLE,

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

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for sanitary sewer services.

RATES (Based upon the metered amount of water supplied)

First 2,000 gals @ $5.89 per 1,000 gallons
Next 3,000 gals @ $4.54 per 1,000 gallons
Next 20,000 gals @ $3.61 per 1,000 gallons
Next 75,000 gals @ $2.83 per 1,000 gallons
Over 100,000 gals @ $2.21 per 1,000 gallons

The fee for a sewer connection for service shall be $200.00 and the fee for reconnection for service shall be $10.00.

MINIMUM MONTHLY CHARGE

No bill will be rendered for less than $11.78 per month.
A charge of $23.13 per month will be billed to customers with sewer service and no metered water service.

PRECENTAGE INCREASE

The proposed percentage increase for each class of customers shall be 48%.

DELAYED PAYMENT PENALTY

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

SECTION 2. EFFECTIVE DATE

The above Ordinance has been introduced at a meeting of the Council held on the 6th day of May, 1999, and shall be effective as of the 6th day of July, 1999.

Passed on first reading: May 6, 1999

Passed on second reading: May 20, 1999

SECTION 3. SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

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

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

After introduction hereof, the Council shall publish a copy of this Ordinance once a week for two consecutive weeks on the 5th day and on the 12th day after the first reading of the Ordinance in the Logan Banner, being a newspaper published and of general circulation in Chapmanville, West Virginia, and said notice shall state this Ordinance has been introduced and that any person interested may appear before Council on the 20th day of May, 1999, at 7:00 o'clock p.m., 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. The proposed Ordinance may be inspected at Town Hall, Chapmanville, West Virginia.

DATED:

Claude Workman
RECORDER

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

I, CLAUDE WORKMAN, Recording Officer of the 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 20 day of May, 1999.

Claude Workman
RECORDER

TOWN OF CHAPMANVILLE
SPECIAL MEETING
FIRST READING SEWER RATE ORDINANCE
MAY 6, 1999 7:00 PM

PRESENT: Mayor Joy Vance, attorney Bernard Spaulding, Council members: Linda Steele, David Chapman and O.T. Mullins, and water clerk Lana Pritchard.

First reading of a 48% sewer rate increase ordinance by title only made by Linda Steele, seconded by O.T. Mullins. All in favor.

Motion to accept reading by O.T. Mullins, seconded by David Chapman. All in favor.

Mayor noted that next regular meeting will be cancelled. Next meeting will be held on Thursday, May 20th to have the second reading of the rate ordinance.

Mayor discussed her conversation with Region II concerning their administrative fee for the Smith-Shelton Sewer Project and was informed that perhaps their fee can be negotiated to $20,000.00.

Motion made by O.T. Mullins to adjourn.

Regular & Special Meeting held May 20. 1999 at 7:00 P.M. at Municipal Building. to have Second Reading of a 48% Sewer Rate Increase.

Present were: Mayor. Joy Vance. Recorder Claude Workman. Council Members. O.T. Mullins. Linda Steele. Emma Bowling. Dave Chapman and James Farley. Others. B.L. Spaulding.

Minutes of Regular Council Meeting held April 13. 1999 was read. also,

Minutes of Special and regular Meeting held April 20. 1999 was read. also.

Minutes of Special Meeting held April 27. 1999 was read. also.

Minutes of Special Meeting held April 29. 1999 was read.also

Minutes of Special Meeting held May 6. 1999 was read.

Motion to approve all minutes read was made by Linda Steele seconded by Emma Bowling. All in favor.

✓Motion to approve
Second Reading of a 48% Sewer Rate Increase Ordinance by title only was made by James Farley seconded by O.T. Mullins All in favor.

Motion to accept Second Reading and adopt was made by Linda Steele seconded by Dave Chapman. All in favor.

B.L. Spaulding reported T.V. Estate should have been settled. He will check. Also has not been able to contact Murphy's.

Mayor to meet with Paul Ghosh and Public Service Commission at Charleston. May 21. 1999. regarding Certification Filing for Town of Chapmanville.

Mayor reported money from carnival for new Library. $2500.00 Calandrous Real Estate- $50.00 Bank One $1000.00 Ed Williamson $50.00. C&W Discount $100.00.

Motion to employ Jackson & Kelly as Bond Council for. Town Sewer Project. Fee not to exceed $12.000. was made by James Farley seconded by Emma Bowling. All in favor.

Building permits presented to Council for approval:
Paul Christian- new house on Division St. $20.000.
Riley & Teresa Evans- New mobile home on Third Ave. $20.000.
Wendy's Restaurant- Rt.10 next to Rite Aid. Will have more information later. Motion to approve Permits was made by David Chapman seconded by O.T. Mullins. All in favor.

Motion to revise 1998-99 Budget if it is necessary. was made by David Chapman seconded by Linda Steele. All in favor.
Mayor reports two Houses Needs to be Torn Down
Motion to adjourn was made by Dave Chapman seconded by O.T.

I, Rhonda Maynard, 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 time(s) on the following dates:

May 5 and May 17, 1999

Given under my hand this 17th day of May, 1999

Rhonda Maynard
CLASSIFIED MANAGER

PAID
JUN 03 1999

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

Subscribed and sworn before me this 17th day of May, 1999

CHAPMANVILLE WATER DEPT.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA J. SMITH
P. O. BOX 149
MAN, WV 25635
My Commission Expires January 7, 2007

Barbara J. Smith
NOTARY PUBLIC

Cost of Publication: $152.07

CHAPMANVILLE WATER DEPT.

Subscribed and sworn before me this 17th day of May, 1999

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA J. SMITH
P. O. BOX 149
MAN, WV 25635
My Commission Expires January 7, 2007

Barbara J. Smith
NOTARY PUBLIC

Cost of Publication: $152.07

COPY OF PUBLICATION

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

THE TOWN COUNCIL OF THE TOWN OF CHAPMANVILLE,

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

SECTION 1.

SCHEDULE OF RATES

APPLICABILITY OF SERVICE

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for sanitary sewer services.

RATES

(Based upon the metered amount of water supplied)

First 2,000 gals @ $5.89 per 1,000 gallons

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Next 20,000 gals @ $3.61 per 1,000 gallons

Next 75,000 gals @ $2.83 per 1,000 gallons

Over 100,000 gals @ $2.21 per 1,000 gallons

The fee for a sewer connection for service shall be $200.00 and the fee for reconnection for service shall be $10.00.

MINIMUM MONTHLY CHARGE

No bill will be rendered for less than $11.78 per month.

A charge of $23.13 per month will be billed to customers with sewer service and no metered water service.

PERCENTAGE INCREASE

The proposed percentage increase for each class of customers shall be 48%.

DELAYED PAYMENT PENALTY

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

SECTION 2
EFFECTIVE DATE

The above Ordinance has been introduced at a meeting of the Council held on the 6th day of May, 1999, and shall be effective as of the 6th day of July, 1999.

Passed on first reading: May 6, 1999

Passed on second reading:

SECTION 3
SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

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

SECTION 4
STATUTORY NOTICE AND PUBLIC HEARING

After introduction hereof, the Council shall publish a copy of this Ordinance once a week for two consecutive weeks on the 5th day and the 12th day after the first reading of the Ordinance in the Logan Banner, being a newspaper published and of general circulation in Chapmanville, West Virginia, and said notice shall state this Ordinance has been introduced and that any person interested may appear before Council on the 20th day of May, 1999, at 7:00 p'clock p.m., 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. The proposed Ordinance may be inspected at Town Hall, Chapmanville, West Virginia.

DATED: May 6, 1999

Claude Workman, Recorder

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

I, CLAUDE WORKMAN, Recording Officer of the 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 6th day of May, 1999.

Claude Workman, Recorder

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

BOND ORDINANCE

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Introduced in Council on July 22, 1999

Introduced by Joy Vance, Mayor

Passed by Council on July 29, 1999

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF CHAPMANVILLE; AUTHORIZING THE ISSUANCE OF WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA CLEAN WATER SRF PROGRAM), OF THE TOWN OF CHAPMANVILLE IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $140,000, TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF CHAPMANVILLE WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

BE IT ENACTED AND ORDAINED BY THE COUNCIL OF THE TOWN OF CHAPMANVILLE, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise.

"Act" shall mean, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment of this Ordinance.

"Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 1999 A Bonds on behalf of the Program, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

"Bond Act" shall mean Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the date of the enactment of this Ordinance.

"Bond Construction Trust Fund" shall mean the fund created by Section 5.01(4) hereof.

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

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

"Bonds" shall mean the Series 1999 A Bonds, the Prior Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Certificate of Authentication and Registration" shall mean the certificate of authentication and registration on the Bonds in substantially the form set forth in Section 3.08 hereof.

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

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

"Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

"Completion Date" shall mean the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" shall mean Ghosh Engineers, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers, licensed by the State, which

shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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

"Council" shall mean the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

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

"DEP" shall mean the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds the functions of the DEP.

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

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

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

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

"Gross Revenues" shall mean the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous services.

"Independent Accountants" shall mean any certified public accountant or firm of certified public accountants which shall be retained by the Issuer as independent accountants

for the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" shall mean the Town of Chapmanville, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

"Loan Agreement" shall mean the Water Pollution Control Revolving Fund Loan Agreement by and among the Authority, the DEP and the Issuer providing for the purchase of the Series 1999 A Bonds from the Issuer by the Authority.

"Mayor" shall mean the Mayor of the Issuer.

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

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

"Ordinance" or "this Ordinance" shall mean this Ordinance, in its present form or as hereafter amended or supplemented.

"1986 Ordinance" shall mean the ordinance passed by the Council of the Issuer on March 10, 1986, authorizing the issuance of the Series 1986 A Bonds and the Series 1986 B Bonds.

"1992 Ordinance" shall mean the ordinance passed by the Council of the Issuer on August 20, 1992, authorizing the issuance of the Series 1992 A Bonds.

"Original Purchaser" shall mean the Authority.

"Outstanding" when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the

payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any such Bond registered to the Issuer.

"Parity Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof.

"Paying Agent" shall mean the West Virginia Municipal Bond Commission or such other entity or authority as may be designated as a paying agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" shall mean, collectively, the Series 1986 A Bonds, the Series 1986 B Bonds and the Series 1992 A Bonds.

"Prior Ordinances" shall mean, collectively, the 1986 Ordinance and the 1992 Ordinance.

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

"Project" shall mean the acquisition and construction of the certain extensions, additions, betterments and improvements to the sewerage portion of the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" shall mean the Public Service Commission of West Virginia and any successor to the functions thereto.

"PSC Order" shall mean the final order of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing thereof.

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit

Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

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

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

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investor Service, Inc., or Standard and Poor's Corporation.

"Recorder" shall mean the Recorder of the Issuer.

"Registrar" or "Bond Registrar" shall mean the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

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

"Renewal and Replacement Fund" shall mean the fund created by the Prior Ordinances and continued by Section 5.01(3) hereof.

"Reserve Accounts" shall mean, collectively, the respective reserve accounts of the Series 1999 A Bonds and the Prior Bonds.

"Revenue Fund" shall mean the fund continued by Section 5.01(1) hereof.

"Series 1986 A Bonds" shall mean the Issuer's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the original aggregate principal amount of $200,260.

"Series 1986 B Bonds" shall mean the Issuer's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the original aggregate principal amount of $99,740.

"Series 1992 A Bonds" shall mean the Issuer's Waterworks and Sewerage System Revenue Bonds, Series 1992, dated October 23, 1992, issued in the original aggregate principal amount of $757,533.

"Series 1999 A Bonds" shall mean the Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), authorized to be issued by this Ordinance.

"Series 1999 A Bonds Reserve Account" shall mean the account created by Section 5.02(8) hereof.

"Series 1999 A Bonds Reserve Requirement" shall mean as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 1999 A Bonds in the then current or any succeeding Fiscal Year.

"Series 1999 A Bonds Sinking Fund" shall mean the fund created by Section 5.02(7) hereof.

"SRF Administrative Fee" shall mean any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Act" shall mean Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Ordinance.

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

"State" shall mean the State of West Virginia.

"Supplemental Resolution" shall mean any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Series 1999 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1999 A Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" shall mean the Net Revenues not required by this Ordinance to be set aside and held for the payment of or security for the Bonds, including the Reserve Accounts and the Renewal and Replacement Fund.

"System" shall mean the complete existing combined waterworks and sewerage system of the Issuer, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

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

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

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

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 1999 A Bonds and any other bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

A. The Issuer is a municipal corporation and political subdivision of the State in Logan County of said State. The Issuer currently owns and operates a combined waterworks and sewerage system, furnishing water and sewer service to residences, premises and businesses residing or located within and without the corporate boundaries of the Issuer.

B. The acquisition and construction of certain extensions, additions, betterments and improvements to the System was financed in part with the proceeds of the Prior Bonds.

C. The Issuer derives Net Revenues from the System, and except for the pledges thereof to secure and pay the Prior Bonds, said Net Revenues are not pledged or encumbered in any manner.

D. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the sewerage portion of the System in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by DEP and are on file with the Issuer, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of twenty years.

E. The estimated maximum cost of the Project is $440,000. Of this amount, $140,000 will be permanently obtained from proceeds of the Series 1999 A Bonds herein authorized and $300,000 will be obtained from proceeds of a grant from the Governor's Contingency Fund.

F. The estimated revenues to be derived in each year after the completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 1999 A Bonds and the Prior Bonds and to make payments into all funds and accounts provided for in this Ordinance and in the Prior Ordinances.

G. It is deemed necessary for the Issuer to issue its Series 1999 A Bonds in the original aggregate principal amount of not more than $140,000 to permanently finance a portion of the costs of the acquisition and construction of the Project herein described through the Program. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 1999 A Bonds Reserve Account; engineering, fiscal and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expenses; fees or expenses of the Authority and DEP, including the SRF Administrative Fee; commitment fees; discount; initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series

1999 A Bonds; and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1999 A Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

H. It is in the best interests of the Issuer that the Series 1999 A Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement by and among the Authority, the DEP and the Issuer.

I. The Series 1999 A Bonds shall be issued on a parity with the Series 1986 A Bonds and the Series 1992 A Bonds, and senior and prior to the Series 1986 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1999 A Bonds, the Issuer will obtain (i) the certificate of an Independent Accountant stating that the parity tests of the Series 1986 A Bonds and the Series 1992 A Bonds are met; (ii) the written consent of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds to the issuance of the Series 1999 A Bonds on a parity with the Series 1986 A Bonds and the Series 1992 A Bonds; and (iii) the written consent of the Holders of the Series 1986 B Bonds to the issuance of the Series 1999 A Bonds on a senior and prior basis to the Series 1986 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement, relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1999 A Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of convenience and necessity from the PSC by final order, the time for rehearing and appeal of which will have expired or will have been waived prior to the issuance of the Series 1999 A Bonds.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of not to exceed $440,000, in accordance with plans and specifications prepared by the Consulting Engineers, approved by the DEP and the Issuer, and on file in the office of the Issuer.

Prior to issuing the Series 1999 A Bonds for the acquisition and construction of the Project, the Issuer must receive acceptable bids or enter into contracts for the acquisition and construction of the Project which are compatible with the financing plan submitted to the Program.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Bonds. For the purposes of paying costs of issuance and financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, or any one of such items, there shall be and hereby are authorized to be issued the Series 1999 A Bonds of the Issuer. The Series 1999 A Bonds shall be designated "Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program)", and shall be issued in an aggregate principal amount of not more than $140,000. The Series 1999 A Bonds shall be dated as of the date of delivery thereof, shall bear such interest, if any, but in no case to exceed two percent (2%) per annum, shall mature at such times, not exceeding twenty (20) years after the date of issuance, and in such amount or amounts as shall be set out in the Loan Agreement. The Series 1999 A Bonds shall not bear interest, if any, during the construction period but interest, if any, shall commence accruing on the Completion Date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest, if any, on the Series 1999 A Bonds shall begin not later than one (1) year after the Completion Date. The repayment of principal and interest, if any, on the 1999 A Bonds shall be as set forth on Schedule Y to the Loan Agreement. The Series 1999 A Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the Loan Agreement and as the Council of the Issuer shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Series 1999 A Bonds.

The Series 1999 A Bonds shall be payable as to principal, at the principal office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds, if any, shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Series 1999 A Bonds may be paid by wire transfer or other methods satisfactory to the Issuer, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Series 1999 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement and the Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Said Bonds shall be dated and shall bear interest, if any, as set forth in the Supplemental Resolution.

Section 3.02. Execution of Bonds. The Series 1999 A Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 1999 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08 hereof, shall have been duly manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1999 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Series 1999 A Bonds remain Outstanding, the Issuer, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 1999 A Bonds shall be transferable only upon the books of the Registrar, by the Registered Owner thereof in person or by the Owner's attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer

satisfactory to the Registrar, duly executed by the Registered Owner or the Owner's duly authorized attorney.

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

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Owner's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Registrar may incur and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be canceled by the Registrar and held for the account of the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

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

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 1999 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Owner or Owners of any of the Series 1999 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 A Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to the lien on

the Net Revenues in favor of the Holders of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 A Bonds and the Prior Bonds and to make all other payments provided for in this Ordinance and in the Prior Ordinances, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Form of Bonds. The text of the Series 1999 A Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

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[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF LOGAN
TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the Town of Chapmanville, a municipal corporation and political subdivision of the State of West Virginia, in Logan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of _____ DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1,200 ___, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Ordinance) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1,200 ____, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and as otherwise provided by the Loan Agreement dated _____, 1999, among the Authority, the DEP and the Issuer.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing combined waterworks and sewerage system of the Issuer (the

"Project"), and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), an Ordinance duly passed by the Issuer on _____, 1999, effective _____, 1999, and a Supplemental Resolution duly adopted by the Issuer on _____, 1999 (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,260 (THE "SERIES 1986 A BONDS"), AND (2) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, DATED OCTOBER 23, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $757,533 (THE "SERIES 1992 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUPPLEMENTAL SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $99,740 (THE "SERIES 1986 B BONDS").

The Series 1986 A Bonds, the Series 1986 B Bonds and the Series 1992 A Bonds are hereinafter collectively call the "Prior Bonds."

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues (as defined in the Ordinance), to be derived from the operation of the System, on a parity with the lien of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to the lien of the Series 1986 B Bonds, moneys in the Series 1999 A Bonds Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed

to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and other obligations on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding fiscal year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds, for the terms of which, reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of _____, _____, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or its attorney duly authorized in writing, upon the surrender of this Bond together, with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

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

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

IN WITNESS WHEREOF, the Town of Chapmanville has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated the ____ day of _____, 1999.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

_____,
as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$		(13)	$	
(2)	$		(14)	$	
(3)	$		(15)	$	
(4)	$		(16)	$	
(5)	$		(17)	$	
(6)	$		(18)	$	
(7)	$		(19)	$	
(8)	$		(20)	$	
(9)	$		(21)	$	
(10)	$		(22)	$	
(11)	$		(23)	$	
(12)	$		(24)	$	

Total $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.09. Sale of Bonds; Ratification and Execution of Loan Agreement. The Series 1999 A Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. As a ratification of the resolution of Council authorizing execution of the Loan Agreement, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority. The Loan Agreement is specifically incorporated into this Ordinance.

Section 3.10. Amended Schedule A Filing. Within 60 days following the Completion Date, the Issuer shall file with the Authority its schedule, in substantially the form of "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds used therefor.

ARTICLE IV

[Reserved]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created or continued with and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund; and

(4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created or continued with and shall be held by the Commission:

(1) Series 1986 A Bonds Sinking Fund;

(2) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account;

(3) Series 1986 B Bonds Sinking Fund;

(4) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account;

(5) Series 1992 A Bonds Sinking Fund;

(6) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account;

(7) Series 1999 A Bonds Sinking Fund; and

(8) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and

shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner therein and herein provided.

(1) The Issuer shall, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Find and simultaneously remit to the Commission for deposit in (i) the Series 1986 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the interest on the Series 1986 A Bonds; and (ii) the Series 1992 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the interest on the Series 1992 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1986 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the principal of the Series 1986 A Bonds; (ii) the Series 1992 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the principal of the Series 1992 A Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, the Series 1999 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will become due on the Series 1999 A Bonds on the next ensuing quarterly principal payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1986 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) the Series 1992 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, if not fully funded upon issuance of the Series 1999 A Bonds, the Series 1999 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1999 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1999 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept

apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1999 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and any interest on the Series 1999 A Bonds as the same shall become due. Moneys in the Series 1999 A Bonds Reserve Account shall be used only for the purpose of paying principal of and any interest on the Series 1999 A Bonds, as the same shall come due, when other moneys in the Series 1999 A Bonds Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Series 1999 A Bonds Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter to the Series 1999 A Bonds Sinking Fund.

Any withdrawals from the Series 1999 A Bonds Reserve Account which result in a reduction in the balance of the Series 1999 A Bonds Reserve Account to an amount below the Series 1999 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Series 1986 A Bonds, the Series 1992 A Bonds and the Series 1999 A Bonds, in accordance with respective principal amounts then outstanding, and thereafter, with respect to the Series 1986 B Bonds.

B. As and when additional Bonds ranking on a parity with the Series 1999 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the reserve requirement thereunder.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The payments into the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 1999 A Bonds Outstanding under the conditions and restrictions set forth herein.

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

D. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges then due.

Simultaneously with the deposit made to the Commission pursuant to Section 5.03A(2) hereof, the Issuer shall remit to the Commission the SRF Administrative Fee.

The Issuer shall complete the "monthly payment form," which form is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the fifth day of each calendar month.

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

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

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

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

Section 5.04. Excess Bond Proceeds. Upon completion of the Project, any proceeds of the Series 1999 A Bonds not required to pay Costs of the Project shall be applied as directed by the Authority and DEP.

ARTICLE VI

APPLICATION OF BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of the Series 1999 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 A Bonds, there shall be deposited with the Commission in the Series 1999 A Bonds Reserve Account, the sum, if any, set forth in the Supplemental Resolution for funding the Series 1999 A Bonds Reserve Account.

B. The remaining moneys derived from the sale of the Series 1999 A Bonds shall be deposited by the Issuer, as received from time to time, in the Bond Construction Trust Fund and shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1999 A Bonds.

C. After completion of the Project, as certified by the Consulting Engineers, and after all costs have been paid, any remaining proceeds of the Series 1999 A Bonds shall be used as directed in writing by the Authority and DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 1999 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Upon receipt of the proceeds from the Authority, the Issuer shall deposit the proceeds in the Bond Construction Trust Fund and pay any approved costs. Payments for Costs of the Project shall be made monthly.

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

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

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

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Series 1999 A Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the owners of the Series 1999 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1999 A Bonds, or the interest thereon, is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Ordinance. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 A Bonds or any interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1986 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1999 A Bonds and to make the payments into all funds and accounts and all other payments provided for in this Ordinance, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Ordinance.

Section 7.04. Rates. Prior to the issuance of the Series 1999 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates, at such times and with such provisions with respect to interest rate and maturity of the Series 1999 A Bonds, to finance the issuance of the Series 1999 A Bonds as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary

unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest, if any, on the Series 1999 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 1999 A Bonds, including the Prior Bonds; provided that, in the event that an amount at least equal to or in excess of the Series 1999 A Bonds Reserve Requirement is on deposit in the Series 1999 A Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 1999 A Bonds, including the Prior Bonds, are funded at least at the respective requirements provided therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and any interest on the Series 1999 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 1999 A Bonds, including the Prior Bonds.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures, for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof, from the revenues of the System, in the manner provided in the Ordinance.

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

Section 7.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority and the DEP. Additionally, so long as the Series 1999 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay or redeem at or prior to maturity all Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit, pro rata, in the Series 1999 A Bonds Sinking Fund and the sinking funds established for the Prior Bonds then Outstanding, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of the Series 1999 A Bonds and the Prior Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price of the Series 1999 A Bonds and the Prior Bonds. Any balance remaining after the redemption or payment of all the Series 1999 A Bonds and the Prior Bonds and interest thereon shall be remitted to the Issuer by the Commission, unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. The Council may then, if it be so advised, as evidenced by certificates of the Consulting Engineers, by resolution duly adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), or authorize such sale, lease or other disposition of such property, upon public bidding, if the amount to be received therefor is in excess of ten thousand dollars ($10,000) but not in excess of fifty thousand dollars ($50,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of $10,000, shall be deposited in the Renewal and Replacement Fund. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Series 1999 A Bonds Sinking Fund and in the sinking funds established for any Prior Bonds then Outstanding, and shall be applied only to the redemption of the Series 1999 A Bonds and the Prior Bonds of the last maturities then Outstanding or to the purchase of the Series 1999 A Bonds and the Prior Bonds of the last maturities then Outstanding at prices not greater than the redemption price of the Series 1999 A Bonds and the Prior Bonds. Such payments of the proceeds into the respective sinking funds, the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance or of the Prior Ordinances.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of fifty thousand dollars ($50,000) and be insufficient to pay or redeem, prior to maturity, all the Bonds then Outstanding, without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then owners of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Ordinance and the Prior Ordinances at the time of the issuance of such subordinate obligations, have been made and are current.

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

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

Section 7.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided, with the prior written consent of DEP and the Authority, and, for so long as any of the Prior Bonds remain Outstanding, in accordance with restrictions and limitations established in the respective Prior Ordinances applicable to such Prior Bonds.

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

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

(1) The Series 1999 A Bonds and the Prior Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any

increase in rates enacted by the Issuer, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such additional Parity Bonds.

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

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

All the covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the owners of the Series 1999 A Bonds and the owners of any Parity Bonds subsequently issued, from time to time, within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance shall rank equally with respect to their respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

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

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

Section 7.09. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Series 1999 A Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, to protect the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Ordinance and otherwise shall be deposited in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer shall also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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

Section 7.10. Certificate of Consulting Engineers; Engineering Services. Prior to or on the date of issuance of the Series 1999 A Bonds, the Issuer shall obtain the certificate of the Consulting Engineers, in the form attached to the Loan Agreement, to the effect that the Project has been designed as provided in the Program application and will be constructed in accordance with the approved plans, specifications and design as submitted to the DEP, that the Project will be adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers. Such resident engineer shall certify to the Authority, the DEP and the Issuer, at the

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

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

The Issuer shall employ qualified operating personnel, properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

Section 7.12. No Free Services. The Issuer will not render or cause to be rendered any free services, of any nature, by its System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.13. Enforcement of Collections. The Issuer shall diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System

and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The Issuer further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

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

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

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

The Issuer shall keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any owner of a Bond or Bonds issued pursuant to the Ordinance shall have the right, at all reasonable times,

to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Council shall direct.

The Issuer shall file with the Authority and DEP, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Ordinance, and shall submit said report to the Authority and the DEP. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Issuer's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements.

The Issuer shall, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, each month complete a Monthly Financial Report and forward a copy by the 10th of each month to the Authority and the DEP.

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

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

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

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

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

owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.18. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Bond Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 1999 A Bonds and shall be on a parity with the statutory mortgage lien of the Prior Bonds.

Section 7.19. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 7.20. Contract. A. The Issuer shall, simultaneously with the delivery of the Series 1999 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 1999 A Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 1999 A Bonds made available due to bid or construction or project underruns.

Section 7.21. Covenant to Amend Ordinance. The Issuer retains the right to make any amendments, insertions or deletions by Supplemental Resolution to this Ordinance as the Issuer deems necessary prior to the issuance of the Series 1999 A Bonds to meet the requirements of the Authority and the DEP.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1999 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or any interest on the Series 1999 A Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1999 A Bonds set forth in this Ordinance, any supplemental resolution, or in the Series 1999 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by any bank or banking association holding any fund or account hereunder or an owner of such Bonds; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Bonds, any Registered Owner of such Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding, enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon such Bonds, (iv) by action at law or bill in equity, require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of such Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 1999 A Bonds shall be on a parity with those of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to those of the Holders of the Series 1986 B Bonds.

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Issuer under the Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Registered Owners of the Series 1999 A Bonds the principal of and any interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to issuance of the Series 1999 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 A Bonds, no material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the Registered Owners of the Series 1999 A Bonds then Outstanding and to be affected by said modification; provided however, that no change shall be made in the maturity of the Series 1999 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of the Series 1999 A Bonds required for consent to the above permitted amendments or modifications.

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

Section 11.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed; provided, that in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive) so long as the Prior Bonds are outstanding.

Section 11.04. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 11.05. Abstract of Ordinance and Notice of Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least six full days intervening between each publication, in The Logan Banner, a qualified newspaper of general circulation in the Town of Chapmanville, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 1999 A Bonds, and that any

person interested may appear before the Issuer upon a certain date, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Issuer for review by interested persons during office hours of the Issuer. The Council hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.06. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

First Reading: July 22, 1999

Second Reading and Passage: July 29, 1999

Public Hearing and Third Reading: August 12, 1999

This Ordinance was placed into effect following the public hearing held on August 12, 1999.

Mayor

(SEAL)

ATTEST:

Recorder

EXHIBIT A

Project Description

The Project consists of approximately 4,800 linear feet of gravity sewer mains, 29 manholes and all necessary appurtenances, providing sewer service to 32 homes in the Shelton Smith Acres area of the Issuer.

EXHIBIT B

TOWN OF CHAPMANVILLE, WEST VIRGINIA

NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on July 29, 1999, the Council of the Town of Chapmanville, West Virginia (the "Issuer"), adopted an ordinance which:

1. Authorized the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage portion of the existing combined waterworks and sewerage system ("System") of the Issuer and the financing of the cost, not otherwise provided, thereof through the issuance of $140,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program) (the "Bonds"). The Project, estimated at $440,000, was authorized to be financed with proceeds of the Bonds and with a grant from the Governor's Contingency Fund in the amount of $300,000.

2. Directed that the Bonds be issued in the form of one bond, fully registered with a record of advances and a debt service schedule attached, at an interest rate of zero percent (0%) per annum, plus a one percent (1%) administrative fee; that the Bonds mature in not more than twenty years and that the Bonds be sold for the par value thereof; that the Bonds be executed in the name of the Issuer by the Mayor, and the seal of the Issuer be affixed thereto and attested to by the Recorder; that the Bonds be duly authenticated by the Registrar and delivered to the West Virginia Water Development Authority as the Original Purchaser on behalf of the West Virginia Division of Environmental Protection.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and any interest when due; provided for the creation of a reserve account for the Bonds and continuation of the Renewal

and Replacement Fund; and provided for the use of excess funds of the System.

4. Provided for the disbursement of Bond proceeds and created a Bond Construction Trust Fund.

5. Pledged to payment of the Bonds the Net Revenues of the System on a parity with the Issuer's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and Waterworks and Sewerage System Revenue Bonds, Series 1992, and senior to the Issuer's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986.

6. Provided certain conditions for the issuance of additional bonds.

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

8. Established the terms for defaults and the remedies of the Bondholders.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Chapmanville at a regular meeting thereof at 7:00 p.m., prevailing time, on August 12, 1999, at the Town Hall, 6107 Vance Street, Chapmanville, West Virginia, and present objections and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the above-described Ordinance is on file with the Recorder for review by interested persons during the office hours of the Town Hall, to-wit: 8:30 a.m. to 4:00 p.m., Monday through Friday.

Claude Workman
Recorder-Town of Chapmanville,
West Virginia

CERTIFICATION

Certified a true copy of a Bond Ordinance duly enacted by the Council of the Town of Chapmanville, on August 12, 1999.

Dated this 24th day of August, 1999.

[SEAL]

Claude Workman
Recorder

08/10/99
003791/00301

SPECIAL MEETING HELD JULY 22. 1999. AT 7:00 P.M. AT THE MUNICIPAL BUILDING TO CONDUCT BUSINESS ON AGENDA.

PRESENT: Mayor. Joy K. Vance. Recorder Claude Workman. Council Members: Tony Robison. Anita Hagerty. James Farley and O.T. Mullins.
Others: B.L. Spaulding. Chris Callis of Jackson & Kelly. Jesse Jarrells.

Motion to approve First Reading of Bond Ordinance authorizing the Town of Chapmanville Water Works and Sewage System Revenue Bond amount of $140.000 was made by James Farley seconded by O.T. Mullins. All in favor.

Motion to read by title only was made by O.T. Mullins seconded by Tony Robison. All in favor.

Motion to give the Mayor authority to purchase a Jeep Cherokee from Mountain State Auto Auction for Police Dept. was made O.T. Mullins seconded by Anita Hagerty. All in favor.
Also will sell Dodge Ram.
Motion to give Mayor the authority to submit grant application. was made by James Farley seconded by Tony Robison. All in favor.

Mayor reports on sidewalks and Community Building. Should Should pay for work that have been done.

Motion to approve contract with E.T. Boggess was made by James Farley seconded by O.T. Mullins. All in favor.

Motion to adjourn was made by O.T. Mullins seconded by Tony Robison. All in favor.

Joy K Vance
Mayor

Claude Workman
Recorder

9A

SPECIAL COUNCIL MEETING HELD JULY 29. 1999 at 7:00 P.M.
AT MUNICIPAL BUILDING TO CONDUCT BUSINESS ON AGENDA.

PRESENT: Mayor Joy K. Vance. Recorder Claude Workman. Council Members: O.T. Mullins. James Farley. Tony Robison. Others. B.L. Spaulding. Wyatt Hanna. Beth Lucas

RegularCouncil Meeting held July 8. 1999 read also Special Meeting held July 22. 1999 was read. Motion to approve meetings as read was made by O.T. Mullins seconded by James Farley. All in favor.

Motion to read Bond Ordinance by title only was made by O.T. Mullins seconded by Tony Robison. All in favor.

✓ Motion toapprove and adopt second reading of Bond Ordinance. authorizing Town Bond $140,000. effective August 12. 1999 was made by James Farley seconded by O.T. Millins. All in favor.

Wyatt Hanna spoke to Council. Should receive a letter & certificate in the near future. Bond Ordinance are in order.

B.L. Spaulding reported on garbage contract from L&S Sanitation and B&E Cartage also M&L Commercial. No action.

Mayor reported on E.T. Boggess contract. B.L. Spaulding advised Mayor t sign.Motion to pay $36,000. partial payment to E.T. Boggess was made by James Farley seconded by Tony Robison. All in favor.

Mayor reports Dr. Dolin's property on Central Ave. He wants to be incorported. Wants water and sewage. Dolin will have to pay for line extension.

Motion to employ Gail Moore as clerk was made by O.T. Mullins second by James Farley. All in favor.

Building permit presented to Council.
Wallace Horn- repairs to house. cost $7000. Tracy Vickers Rd.
Alex Racadag- New home. Cost $180.000. Shelton-Smith Addition.
Wilson Simpkins- Deck on back of house.
Motion to approve permits was made by James Farley seconded by O.T. Mullins. All in favor.

James Farley made motion to appoint Mark Drake to fill vacancy on Council. Brett Workman move out of Town.O.T. Mullins seconded the motion. All in favor.

Tony Robison requested a street light on Water Street.

Motion to adjourn was made by O.T. Mullins seconded by Tony Robison. All in favor.

Joy Vance
Mayor

Claude Workman
Recorder

9B

Public Meeting and Regular Council meeting
Held August 12, 1999 at the Municipal Building
At 7:00 P.M.

✓ Public Meeting concerning Bond Ordinance was opened at 7:00 P.M. No attendance
Meeting closed at 7:01 P.M.

Regular Council Meeting Held August 12, 1999 at 7:01 P.M. at the Municipal Building.

Present were: Mayor Joy K. Vance. Recorder Claude Workman. Council Members: Tony Robison. James Farley. O.T. Mullins and Mark Drake.
Others. B.L. Spaulding and Chris Callas.

Minutes of Special Meeting was read and business conducted on agenda was approve by O.T.Mullins seconded by Tony Robison. All in favor except Mark Drake who abstained.

Motion to read Bond Ordinance by title only was made by James Farley seconded by O.T. Mullins. All in favor.

✓ Motion to approve and adopted third reading of Bond Ordinance. authorizing Town Bonds of $140.000. read by Chris Callas. was made by James Farley seconded by O.T. Mullins. All in Favor.

Motiion to approve Supplemental Resolution and adopt. concerning bond was made by O.T. Mullins seconded by Tony Robison. All in favor.

Motion to read by title only Resolution only was made by O.T. Mullins seconded by Tony Robison. All in favor.

Motion to read by title only Resolution establishing Rules governing meetings was made by James Farley seconded by Tony Robison. All in favor.

Motion to adopt Rules of Procedure for Town Meetings of Chapmanville. was made by James Farley seconded by O.T. Mullins. All in favor.

Motion to approve invoices in the amount of $14.375.00 was made by Tony Robison seconded by O.T. Mullins. All in favor. Chapmanville Water Dept. $1875.00 Reimbursement. Jackson & Kelly $12.500.00.

Motion to sign PSC Tariff. on rules and regulations on Water and Sewage was made by Tony Robison seconded by James Farley. All in favor.

Mayor reported on Dolin property on Central Ave. in regards to the construction of motel and the need for water and sewage extension. Mayor has written a letter to Senator Robert Byrd on subject.

Building Permit: Michael Butcher on Second Ave. Carport cost $800.00. Motion to approve Bldg. Permit was made by O.T. Mullins seconded by Tony Robison. All in favor.

9C

Mayor reports that Vance Street will be paved. Also sidewalks to be built.

Motion to adjourn was made by O.T. Mullins seconded by Tony Robison. All in favor.

Mayor

Recorder

I, Rhonda Maynard, 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 time(s) on the following dates:

August 2 and August 9, 1999

Given under my hand this 12th day of August, 1999

Rhonda Maynard
CLASSIFIED MANAGER

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

Subscribed and sworn before me this 12th day of August, 1999

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA J. SMITH
P. O. BOX 149
MAN, WV 25635
My Commission Expires January 7, 2007

Barbara J. Smith
NOTARY PUBLIC

Cost of Publication: $132.57

COPY OF PUBLICATION

TOWN OF CHAPMANVILLE, WEST VIRGINIA

NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on July 29, 1999, the Council of the Town of Chapmanville, West Virginia (the "Issuer"), accepted an ordinance which:

1. Authorized the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage portion of the existing combined waterworks and sewerage system ("System") of the Issuer and the financing of the cost, not otherwise provided, thereof through the issuance of $140,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1999A (West Virginia Clean Water SRF Program) (the "Bonds"). The project, estimated at $440,000, was authorized to be financed with proceeds of the Bonds and with a grant from the Governor's Contingency Fund in the amount of $300,000.

2. Directed that the Bonds be issued in the form of one bond, fully registered with a record of advances and a debt service schedule attached, at an interest rate of zero percent (0%) plus a one percent (1%) administrative fee; that the Bonds mature in not more than twenty years and that the Bonds be sold for the par value thereof; that the Bonds be executed in the name of the Issuer by the Mayor, and the seal of the Issuer be affixed thereto and attested to by the Recorder; that the Bonds be duly authenticated by the Registrar and delivered to the West Virginia Development Authority as the Original Purchaser on behalf of the West Virginia Division of Environmental Protection.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and any interest when due; provided for the creation of a reserve account for the Bonds and continuation of the Renewal and Replacement Fund; and provided for the use of excess funds of the System.

4. Provided for the disbursement of Bond proceeds and created a Bond Construction Trust Fund.

5. Pledges to payment of the Bonds the Net Revenues of the System on a parity with the Issuer's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and Waterworks and Sewerage System Revenue Bonds, Series 1992, and senior to the Issuer's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986.

6. Provided certain conditions for the issuance of additional bonds.

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

8. Established the terms for defaults and the remedies of the Bondholders.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Chapmanville at a regular meeting thereof at 7:00 p.m., prevailing time, on August 12, 1999, at the Town Hall, 6107 Vance Street, Chapmanville, West Virginia, and present objections and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the above-described Ordinance is on file with the Recorder for review by interested persons during the office hours of the Town Hall, to-wit: 8:30 a.m. to 4:00 p.m., Monday through Friday.

Claude Workman
Recorder-Town
of Chapmanville
West Virginia

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

SUPPLEMENTAL RESOLUTION

Introduced in Council on August 12, 1999

Introduced by Joy Vance, Mayor

Adopted by Council on August 12, 1999

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE TOWN OF CHAPMANVILLE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA CLEAN WATER SRF PROGRAM); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of the Town of Chapmanville (the "Issuer") has duly and officially adopted a Bond Ordinance on July 29, 1999, effective August 12, 1999 (the "Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF CHAPMANVILLE; AUTHORIZING THE ISSUANCE OF WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA CLEAN WATER SRF PROGRAM), OF THE TOWN OF CHAPMANVILLE IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $140,000, TO BE USED, ALONG WITH OTHER FUNDS AND

MONEYS OF, OR AVAILABLE TO, THE TOWN OF CHAPMANVILLE WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

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

WHEREAS, the Ordinance provides for the issuance of the Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $140,000, 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 Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection ("DEP"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

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

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in The Logan Banner, a qualified newspaper of general circulation in the Issuer with the first publication thereof being on August 2, 1999, which first publication was not less than ten (10) days before the day set by the Ordinance and the Notice for the public hearing at which interested persons might appear before the Council of the Issuer and

present protests and suggestions and with the last publication thereof being on August 9, 1999, which last publication date was prior to said date set by the Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

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

(C) In Council chambers, Town Hall, 6107 Vance Street, Chapmanville, West Virginia, on August 12, 1999, at 7:00 p.m., prevailing time, in accordance with the Ordinance and the 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;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $140,000. The Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2020, and shall bear no interest. The principal of the Bonds is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2000, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of a 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. The Issuer hereby approves and shall pay the 1% SRF Administrative Fee set forth in the "Schedule Y" attached to the Loan Agreement.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Ordinance.

Section 4. The Issuer does hereby ratify the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein on behalf of the Issuer are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants

and representations made in the Loan Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds will be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds under the Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein on behalf of the Issuer are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 7. The Issuer does hereby appoint and designate Logan Bank & Trust Company, Chapmanville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. The Issuer has created the Series 1999 A Bonds Reserve Account (the "Reserve Account") which will be funded with equal payments on a monthly basis over a 10-year period until the Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Series 1999 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

Section 9. 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 10. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 24, 1999, to the Authority pursuant to the Loan Agreement.

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

Section 12. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money

market accounts secured by a pledge of Government Obligations, and therefore, the Issuer 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 Issuer. Moneys in the Series 1999 A Bonds Sinking Fund, including the Series 1999 A Bonds Reserve Account therein, shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 12th day of August, 1999.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATION

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

Dated this 24th day of August, 1999.

[SEAL]

Claude Workman
Recorder

08/12/99
003791/00301

Public Meeting and Regular Council meeting
Held August 12. 1999 at the Municipal Building
At 7:00 P.M.

Public Meeting concerning Bond Ordinance was opened at 7:00 P.M. No attendance
Meeting closed at 7:01 P.M.

Regular Council Meeting Held August 12. 1999 at 7:01 P.M. at the Municipal Building.

Present were: Mayor Joy K. Vance. Recorder Claude Workman. Council Members: Tony Robison. James Farley. O.T. Mullins and Mark Drake.
Others. B.L. Spaulding and Chris Callas.

Minutes of Special Meeting was read and business conducted on agenda was approve by O.T.Mullins seconded by Tony Robison. All in favor except Mark Drake who abstained.

Motion to read Bond Ordinance by title only was made by James Farley seconded by O.T. Mullins. All in favor.

Motion to approve and adopted third reading of Bond Ordinance. authorizing Town Bonds of $140.000. read by Chris Callas. was made by James Farley seconded by O.T. Mullins. All in Favor.

Motiion to approve Supplemental Resolution and adopt. concerning bond was made by O.T. Mullins seconded by Tony Robison. All in favor.

Motion to read by title only Resolution only was made by O.T. Mullins seconded by Tony Robison. All in favor.

Motion to read by title only Resolution establishing Rules governing meetings was made by James Farley seconded by Tony Robison. All in favor.

Motion to adopt Rules of Procedure for Town Meetings of Chapmanville. was made by James Farley seconded by O.T. Mullins. All in favor.

Motion to approve invoices in the amount of $14.375.00 was made by Tony Robison seconded by O.T. Mullins. All in favor. Chapmanville Water Dept. $1875.00 Reimbursement. Jackson & Kelly $12.500.00.

Motion to sign PSC Tariff. on rules and regulations on Water and Sewage was made by Tony Robison seconded by James Farley. All in favor.

Mayor reported on Dolin property on Central Ave. in regards to the construction of motel and the need for water and sewage extension. Mayor has written a letter to Senator Robert Byrd on subject.

Building Permit: Michael Butcher on Second Ave. Carport cost $800.00. Motion to approve Bldg. Permit was made by O.T. Mullins seconded by Tony Robison. All in favor.

Mayor reports that Vance Street will be paved. Also sidewalks to be built.

Motion to adjourn was made by O.T. Mullins seconded by Tony Robison. All in favor.

Mayor

Recorder

SRF-LP-1
(August 1998)

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 Bureau of Environment (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 planning, design, construction, acquisition and/or 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 (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to 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 Loan with attachments and exhibits and an Amended Application for a 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 the 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 deposition 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, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and DEP within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing 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: July 22, 1999

_____
Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: _____
Its: Chief

Date: 7/28/99

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director

Attest:

Date: July 16, 1999

_____
Secretary-Treasurer

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: _____

	ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET DIFFERENCE
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 ____, ____.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The loan recipient that receives $300,000 or more in a fiscal year must obtain audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133 or any appropriate successor. Financial statement audits are required once all funds have been received by the loan recipient.

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development
Authority
180 Association Drive
Charleston WV 25311-1571

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
180 Association Drive
Charleston WV 25311-1571

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:

Year	Installment	Interest Rate

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the 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	$ 140,000
Purchase Price of Bonds	$ 140,000

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 Sept. 1, 2000, at a rate of 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 [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]. (See attached schedule) *

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.

*Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 25, 1986, issued in the original aggregate principal amount of $200,260.

Waterworks and Sewerage System Revenue Bonds, Series 1992, dated October 23, 1992, issued in the original aggregate principal amount of $757,533.

Town of Chapmanville, West Virginia

Loan of $140,000

20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	1,750.00	-	1,750.00
12/01/2000	1,750.00	-	1,750.00
3/01/2001	1,750.00	-	1,750.00
6/01/2001	1,750.00	-	1,750.00
9/01/2001	1,750.00	-	1,750.00
12/01/2001	1,750.00	-	1,750.00
3/01/2002	1,750.00	-	1,750.00
6/01/2002	1,750.00	-	1,750.00
9/01/2002	1,750.00	-	1,750.00
12/01/2002	1,750.00	-	1,750.00
3/01/2003	1,750.00	-	1,750.00
6/01/2003	1,750.00	-	1,750.00
9/01/2003	1,750.00	-	1,750.00
12/01/2003	1,750.00	-	1,750.00
3/01/2004	1,750.00	-	1,750.00
6/01/2004	1,750.00	-	1,750.00
9/01/2004	1,750.00	-	1,750.00
12/01/2004	1,750.00	-	1,750.00
3/01/2005	1,750.00	-	1,750.00
6/01/2005	1,750.00	-	1,750.00
9/01/2005	1,750.00	-	1,750.00
12/01/2005	1,750.00	-	1,750.00
3/01/2006	1,750.00	-	1,750.00
6/01/2006	1,750.00	-	1,750.00
9/01/2006	1,750.00	-	1,750.00
12/01/2006	1,750.00	-	1,750.00
3/01/2007	1,750.00	-	1,750.00
6/01/2007	1,750.00	-	1,750.00
9/01/2007	1,750.00	-	1,750.00
12/01/2007	1,750.00	-	1,750.00
3/01/2008	1,750.00	-	1,750.00
6/01/2008	1,750.00	-	1,750.00
9/01/2008	1,750.00	-	1,750.00
12/01/2008	1,750.00	-	1,750.00
3/01/2009	1,750.00	-	1,750.00
6/01/2009	1,750.00	-	1,750.00
9/01/2009	1,750.00	-	1,750.00
12/01/2009	1,750.00	-	1,750.00
3/01/2010	1,750.00	-	1,750.00
6/01/2010	1,750.00	-	1,750.00
9/01/2010	1,750.00	-	1,750.00
12/01/2010	1,750.00	-	1,750.00
3/01/2011	1,750.00	-	1,750.00

Town of Chapmanville, West Virginia

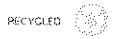
Loan of $140,000

20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	1,750.00	-	1,750.00
9/01/2011	1,750.00	-	1,750.00
12/01/2011	1,750.00	-	1,750.00
3/01/2012	1,750.00	-	1,750.00
6/01/2012	1,750.00	-	1,750.00
9/01/2012	1,750.00	-	1,750.00
12/01/2012	1,750.00	-	1,750.00
3/01/2013	1,750.00	-	1,750.00
6/01/2013	1,750.00	-	1,750.00
9/01/2013	1,750.00	-	1,750.00
12/01/2013	1,750.00	-	1,750.00
3/01/2014	1,750.00	-	1,750.00
6/01/2014	1,750.00	-	1,750.00
9/01/2014	1,750.00	-	1,750.00
12/01/2014	1,750.00	-	1,750.00
3/01/2015	1,750.00	-	1,750.00
6/01/2015	1,750.00	-	1,750.00
9/01/2015	1,750.00	-	1,750.00
12/01/2015	1,750.00	-	1,750.00
3/01/2016	1,750.00	-	1,750.00
6/01/2016	1,750.00	-	1,750.00
9/01/2016	1,750.00	-	1,750.00
12/01/2016	1,750.00	-	1,750.00
3/01/2017	1,750.00	-	1,750.00
6/01/2017	1,750.00	-	1,750.00
9/01/2017	1,750.00	-	1,750.00
12/01/2017	1,750.00	-	1,750.00
3/01/2018	1,750.00	-	1,750.00
6/01/2018	1,750.00	-	1,750.00
9/01/2018	1,750.00	-	1,750.00
12/01/2018	1,750.00	-	1,750.00
3/01/2019	1,750.00	-	1,750.00
6/01/2019	1,750.00	-	1,750.00
9/01/2019	1,750.00	-	1,750.00
12/01/2019	1,750.00	-	1,750.00
3/01/2020	1,750.00	-	1,750.00
6/01/2020	1,750.00	-	1,750.00
Total	**140,000.00**	**-**	**140,000.00***

*Plus $177.20 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $14,176.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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 23rd day of August, 1999.

CASE NO. 99-0593-S-CN

CHAPMANVILLE MUNICIPAL
SEWER DEPARTMENT.
Application for a certificate of convenience and necessity to construct an expansion of the Town's sanitary sewer system to serve the residential area that includes the Shelton Smith Subdivision.

COMMISSION ORDER

On April 30, 1999, Chapmanville Municipal Sewer Department (Town), by counsel H. Wyatt Hanna, III, filed with the Public Service Commission (Commission), pursuant to W.Va. Code §24-2-11, an application for a certificate of convenience and necessity to construct an expansion of the Town's sanitary sewer system to serve the residential area that includes the Shelton Smith Subdivision.

On May 3, 1999, the Commission directed the Town to publish a Notice of Filing, which provided that, if no protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On May 13, 1999, the Town, by counsel, filed an affidavit establishing that the Notice of Filing had been published on May 10, 1999, in The Logan Banner, in conformance with the requirements of the Commission. No protests have been received by the Commission.

On May 19, 1999, Staff Attorney Cassius H. Toon filed the Initial Joint Staff Memorandum, with attached memorandum from Randy Lengyel, Utilities Analyst II, Karen Buckley, Utilities Analyst, both of the Water and Wastewater Division, and Ralph Clark, P.E., Engineer I, Engineering Division. Staff stated that further information was needed from the Town and that Staff would file its final report upon completion of its final review.

On June 1, 1999, the Commission, by Order, referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before November 29, 1999.

On June 18, 1999, the Town filed responses to Staff's First Set of Interrogatories, Data Request, or Requests for Information.

On June 23, 1999, the Town filed its Statement of Projected Income and Cash Flows for the fiscal year ending June 30, 1999.

On June 24, 1999, Staff filed its Final Joint Staff Memorandum indicating that more information was needed before it could make a recommendation.

On June 28, 1999, the Town, through counsel, filed a letter to the Commission which stated that the above-mentioned filings constitute the necessary information requested by Staff.

On July 12, 1999, the Town filed a letter from the West Virginia Division of Environmental Protection setting forth the terms of the loan for the Town.

On August 20, 1999, Staff filed its Further Final Joint Staff Recommendation in which it recommended that the certificate application be approved as stated in the attached Further Final Internal Memorandum.

Also on August 20, 1999, the Town filed a Motion to Rescind the Commission Referral Order. In the motion, the Town, through counsel, requested that the previous order to refer the present case to the ALJ Division with the direction that a Recommended Decision be issued by November 29, 1999, be rescinded because the bond closing is scheduled for August 24, 1999. If the closing does not proceed as scheduled, the project may need to be re-bid, possibly resulting in higher bid prices.

DISCUSSION

In its Further Final Internal Memorandum, the Engineering Division and the Water and Wastewater Division discussed that the Town presently owns and operates a 400,000 gallon per day wastewater treatment plant located inside the town. The Town is proposing to extend the sewer system to the Shelton Smith Acres Subdivision which is located near the treatment facility. According to this memorandum, a force main from the new Chapmanville Middle School passes through Shelton Smith Acres Subdivision. The proposed project will increase the surface ground water quality and eliminate the discharge of partially treated

Public Service Commission
of West Virginia
Charleston

sewage into the Guyandotte River.

Engineering and Water and Wastewater Staff further stated that the $390,517.50 project, consisting of approximately 1480 feet of twelve inch line, 1510 feet of ten inch line, 1146 feet of eight inch line, 610 feet of six inch line, 27 manholes, and six clean outs, will serve 32 existing homes with a potential of twenty more. The Town's distribution system and treatment plant have adequate capacity for the new customers, and the existing sewer plant has sufficient capacity to process the additional sewage.

Staff's memorandum reports that the need for the proposed project has been adequately documented by the Town and the project engineer. Project costs have been broken down as follows:

Construction	$283,517.50
Legal Fiscal	13,000.00
Engineering Fees	42,000.00
Administrative	20,000.00
Contingency	32,000.00
Total	$390,517.50

The project's construction costs are based on bids, and minimal additional operation and maintenance costs will be required.

The Town has received Division of Environmental Protection approval of plans and specifications. The project does not appear to conflict with the Commission's Rules and Regulations concerning engineering requirements.

The Town plans to finance the proposed project with a loan from the State Revolving Fund in the amount of $140,000.00 and a grant from the Governor's Contingency Fund in the amount of $300,000.00. The Town has passed a municipal rate ordinance to increase rates and charges.

According to Staff, the Town has provided commitment letters from all of the above-mentioned parties, and the proposed rates will provide adequate cash flow surplus based on the financial information the Town has submitted.

On May 20, 1999, the Town enacted a rate ordinance which was not protested. The rates were accepted for filing at the Commission.

Public Service Commission
of West Virginia
Charleston

Based on the foregoing, Staff recommends that the application for a certificate of convenience and necessity be approved. Staff further recommends that the State Revolving Fund loan in the amount of $140,000.00 and the grant from the Governors' Contingency Fund in the amount of $300,000.00 be approved, along with the Town's proposed rate. Finally, Staff recommends that if there are any changes in the scope of the project or if increased financing becomes available, that the Town be required to seek permission from the Commission before proceeding.

Based on Staff's recommendation, the Commission will approve the application for certificate of convenience and necessity, the Town's proposed rate, the $140,000.00 from the State Revolving Fund, and the grant from the Governors' Contingency Fund in the amount of $300,000.00. The Commission also will require the Town to seek permission from the Commission before proceeding with any changes in the scope of the project or the project's financing.

The Motion to Rescind a Commission Referral Order should be granted and the Commission's order filed immediately to allow the project to continue as planned.

FINDINGS OF FACT

1. On April 30, 1999, Chapmanville Municipal Sewer Department (Town), by counsel H. Wyatt Hanna, III, filed with the Public Service Commission (Commission), pursuant to W.Va. Code §24-2- 11, an application for a certificate of convenience and necessity to construct an expansion of the Town's sanitary sewer system to serve the residential area that includes the Shelton Smith Subdivision.

2. On May 3, 1999, the Commission directed the Town to publish a Notice of Filing, which provided that, if no protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

3. On May 13, 1999, the Town, by counsel, filed an affidavit establishing that the Notice of Filing had been published on May 10, 1999, in The Logan Banner, in conformance with the requirements of the Commission. No protests have been received by the Commission.

4. On May 19, 1999, Staff Attorney Cassius H. Toon filed the Initial Joint Staff Memorandum, with attached memorandum from Randy Lengyel, Utilities Analyst II, Karen Buckley, Utilities Analyst, both of the Water and Wastewater Division, and Ralph Clark, P.E., Engineer I, Engineering Division. Staff stated that further information was needed

Public Service Commission
of West Virginia
Charleston

from the Town and that Staff would file its final report upon completion of its final review.

5. On June 1, 1999, the Commission, by Order, referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before November 29, 1999.

6. On June 18, 1999, the Town filed responses to Staff's First Set of Interrogatories, Data Request, or Requests for Information.

7. On June 23, 1999, the Town filed its Statement of Projected Income and Cash Flows for the fiscal year ending June 30, 1999.

8. On June 24, 1999, Staff filed its Final Joint Staff Memorandum in which it indicated that more requesting information was needed before it could make a recommendation.

9. On June 28, 1999, the Town, through counsel, filed a letter to the Commission which stated that the above-mentioned filings constitute the necessary information requested by Staff.

10. On July 12, 1999, the Town filed a letter from the West Virginia Division of Environmental Protection setting forth the terms of the loan for the Town.

11. On August 20, 1999, Staff filed its Further Final Joint Staff Recommendation in which it recommended that the certificate application be approved as stated in the attached Further Final Internal Memorandum.

12. Also on August 20, 1999, the Town filed a Motion to Rescind the previously entered Commission Referral Order. In the motion, the Town, through counsel, requested that the previous order to refer the present case to the Division of Administrative Law Judges, with the direction that a Recommended Decision be issued by November 29, 1999, be rescinded because the bond closing is scheduled for August 24, 1999.

13. If the closing does not proceed as scheduled, the project may need to be re-bid, possibly resulting in higher bid prices.

14. In its Further Final Internal Memorandum, the Engineering Division and the Water and Wastewater Division discussed that the Town presently owns and operates a

400,000 gallon per day wastewater treatment plant located inside the town.

15. The Town is proposing to extend the sewer system to the Shelton Smith Acres Subdivision which is located near the treatment facility.

16. According to the Further Final Internal Memorandum, a force main from the new Chapmanville Middle School passes through Shelton Smith Acres Subdivision. The proposed project will increase the surface ground water quality and eliminate the discharge of partially treated sewage into the Guyandotte River.

17. Engineering and Water and Wastewater Staff further explained that the $390,517.50 project consists of approximately 1480 feet of twelve inch line, 1510 feet of ten inch line, 1146 feet of eight inch line, 610 feet of six inch line, 27 manholes, and six clean outs.

18. The project will serve 32 existing homes with a potential of twenty more.

19. Accordingly to Staff, the Town's distribution system and treatment plant have adequate capacity for the new customers, and the existing sewer plant has sufficient capacity to process the additional sewage.

20. Staff's memorandum reports that the need for the proposed project has been adequately documented by the Town and the project engineer.

21. Project costs have been broken down as follows:

Construction	$283,517.50
Legal Fiscal	13,000.00
Engineering Fees	42,000.00
Administrative	20,000.00
Contingency	32,000.00
Total	$390,517.50

22. The project's construction costs are based on bids, and minimal additional operation and maintenance costs will be required.

23. The Town has received Division of Environmental Protection approval of plans and specifications.

Public Service Commission
of West Virginia
Charleston

24. Staff opines that the project does not appear to conflict with the Commission's Rules and Regulations concerning engineering requirements.

25. The Town plans to finance the proposed project with a loan from the State Revolving Fund in the amount of $140,000.00 and a grant from the Governor's Contingency Fund in the amount of $300,000.00.

26. The Town has passed a municipal rate ordinance to increase rates and charges.

27. According to Staff, the Town has provided commitment letters from all of the above-mentioned parties, and the proposed rates will provide adequate cash flow surplus based on the financial information the Town submitted.

28. On May 20, 1999, the Town enacted a rate ordinance which was not protested. The rates were accepted for filing at the Commission.

29. Staff recommends that the application for a certificate of convenience and necessity be approved.

30. Staff further recommends that the State Revolving Fund loan in the amount of $140,000.00 and the grant from the Governors' Contingency Fund in the amount of $300,000.00 be approved, along with the Town's proposed rate.

31. Finally, Staff recommends that if there are any changes in the scope of the project or increased financing occurs, that the Town be required to seek permission from the Commission before proceeding.

32. The Motion to Rescind a Commission Referral Order should be granted and the Commission's order filed immediately to allow the project to continue as planned.

CONCLUSIONS OF LAW

1. Time is of the essence in approving this application for certificate of convenience and necessity, accordingly, the Motion to Rescind a Commission Referral Order will be granted.

2. The State Revolving Fund loan in the amount of $140,000.00 and the grant from the Governors' Contingency Fund in the amount of $300,000.00 be approved.

3. If there are any changes in the scope of the project or if increased financing becomes available, the Town will be required to seek permission from the Commission

Public Service Commission
of West Virginia
Charleston

IT IS FURTHER ORDERED that the application for a certificate of convenience and necessity to construct an expansion of the Town's sanitary sewer system to serve the residential area that includes the Shelton Smith Subdivision is granted.

IT IS FURTHER ORDERED the State Revolving Fund loan in the amount of $140,000.00 and the grant from the Governors' Contingency Fund in the amount of $300,000.00 be approved.

IT IS FURTHER ORDERED that if there are any changes in the scope of the project or if increased financing occurs, the Town shall seek permission from the Commission before proceeding.

IT IS FURTHER ORDERED that this proceeding be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
SKP/lfg
990593ca.wpd

RECYCLED

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3612
Telecopier (304) 558-0299

May 5, 1995

The Honorable Joy K. Vance
Mayor, Town of Chapmanville
P.O. Box 426
Chapmanville WV 25508

PRELIMINARY APPLICATION -
TOWN OF CHAPMANVILLE (SEWER PROJECT)

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Preliminary Application for the above-referenced project and has determined that the project is technically and financially feasible within the guidelines of the Act. (See attached Sewer Assessment Committee comments.)

The Council recommends that the Town of Chapmanville use a State Revolving Fund Loan of $427,500 from the West Virginia Division of Environmental Protection to finance this project.

If you have any questions concerning this decision, please contact Daniel Yonkosky, Director of the Water Development Authority, who serves as chairman of the Council's Funding Committee.

Daniel B. Yonkosky

for RUSSELL L. ISAACS, CHAIRMAN
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

db

c Mike Johnson, Division of Environmental Protection
Region II Planning and Development Council

enclnd

BOND ORDINANCE

TOWN OF CHAPMANVILLE, WEST VIRGINIA

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BOND ORDINANCE

Introduced in Council

3-1-86

Introduced by

Passed by Council

An Ordinance authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the combined waterworks and sewerage system of the Town of Chapmanville; authorizing the issuance of not more than $205,000 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and not more than $105,000 in aggregate principal amount of Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, of said Town of Chapmanville to be used, along with other funds and moneys of, or available to, the Town of Chapmanville which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction, to fund reserve accounts for such bonds, to provide for capitalized interest during construction and to pay other costs in connection therewith; providing for the rights and remedies of and security for the owners of such bonds; and adopting other provisions related thereto.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20, of the Code of West Virginia, 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The Town of Chapmanville, West Virginia (the "Town"), now owns a combined waterworks and sewerage system (the "System"), consisting of a waterworks system in its entirety or any integral part thereof, including some or all of mains, hydrants, meters, values, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding

reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and a sewage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes.

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

C. The acquisition and construction of the System was financed with the proceeds from $315,000 in principal amount of the Town's Combined Waterworks and Sewerage System Revenue Bonds, Series A and B, dated October 1, 1971 (the "Prior Bonds"), authorized pursuant to an ordinance of the Town passed on October 1, 1971 (the "Prior Ordinance").

D. The Prior Bonds of the Town are currently outstanding in the principal amount of $231,000.

E. The Town derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

F. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed certain extensions, additions, betterments and improvements to the System (the "Project") at an estimated cost of $1,000,000, in accordance with the plans and specifications prepared and revised by Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia (the "Consulting Engineers"), which plans and specifications are on file with the Town, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of forty (40) years.

G. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Subordinate Bonds, the principal of the Supplemental Bonds and all sinking fund and other payments provided for in this Ordinance and the principal of and interest on and debt service requirements for the Prior Bonds.

H. It is deemed necessary for the Town to issue its Original Bonds to finance the costs of acquisition and construction of the extensions, additions, betterments and improvements to the System herein described. Said costs shall be deemed to include the cost of the acquisition of any real property involved; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of such extensions, additions, betterments and improvements to the System; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for fiscal or other agents in connection with the issuance of the Original Bonds; interest on the Original Subordinate Bonds prior to, during and for 6 months after completion of construction of the Project; and such other expenses as may be necessary or desirable to said acquisition and construction of the extensions, additions, betterments and improvements to the System authorized by this Ordinance and the financing authorized by this Ordinance.

I. It is in the best interests of the Town that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the WDA Loan Agreements.

J. The Town has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired prior to the issuance of the Original Bonds.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Original Bonds and any other bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the legal owners of any and all of such Subordinate Bonds and of such Supplemental Bonds, as the case maybe, all of which Subordinate Bonds and Supplemental Bonds, respectively, shall be of equal rank and without preference, priority or distinction between any one Subordinate Bond and any other Bonds or between any one Supplemental Bond and any other Supplemental Bond, as the case may be, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

A. "Act" shall mean Chapter 8, Article 20, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

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

C. "Board" shall mean the Water and Sewer Board of the Town, as created and appointed by ordinance enacted by the Council of the Town pursuant to the provisions of the Section 18 of the Act, and any successor thereto.

D. "Bond Construction Trust Fund" shall mean the fund created by Section 5.02 hereof.

E. "Bondholder" or "Owner of the Bonds" or any similar term shall mean any person who shall be the registered owner of any outstanding Subordinate Bond or Supplemental Bond, as hereinafter defined, as the case may be.

F. "Bond Year" shall mean the year of 365 days beginning on the date of issuance and delivery of the Bonds and each following year.

G. "Bonds" shall mean collectively, the Subordinate Bonds and the Supplemental Bonds, both as hereinafter defined.

H. "Town" shall mean the Town of Chapmanville, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organizing or instituting thereof in control of the management and operation of the System, as hereinafter defined.

I. "Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

J. "Consulting Engineers" shall mean Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Town as Consulting Engineers for the System.

K. "Cost of Project" shall mean those costs described in Section 1.02(H) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

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

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

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

O. "Government Obligations" shall mean (i) direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

P. "Gross Revenues" shall mean the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined, and for the furnishing by the Town of miscellaneous service.

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

R. "Loan Agreement" shall mean the Loan Agreement between the Authority and the Town providing for the purchase of the Subordinate Bonds from the Town by the Authority.

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

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

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

V. "Operation and Maintenance Fund" shall mean the Operation and Maintenance Fund established by Section 4.01 hereof.

W. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean, collectively, the Original Subordinate Bonds and the Original Supplemental Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

X. "Original Subordinate Bonds" shall mean the not more than $205,000 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, originally authorized by this Ordinance.

Y. "Original Supplemental Bonds" shall mean the not more than $105,000 in aggregate principal amount of Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, originally authorized by this Ordinance.

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

AA. "Parity Subordinate Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 6.08 hereof, payable from Net Revenues on a parity with the Original Subordinate Bonds.

BB. "Parity Supplemental Bonds" shall mean additional Bonds issued under the provisions and whether the limitations prescribed by Section 6.08 hereof, payable from Net Revenues on a parity with the Original Supplemental Bonds.

CC. "Paying Agent" shall mean the bank or banks designated as such in the Supplemental Resolution.

DD. "Prior Bonds" shall mean the Town's Waterworks and Sewerage System Revenue Bonds, dated October 1, 1971, issued in the principal amount of $315,000 and currently outstanding in the principal amount of $231,000.

EE. "Prior Ordinance" shall mean the ordinance passed by the Council of the Town on October 1, 1971, authorizing the issuance of the Prior Bonds.

FF. "Program" shall mean the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

GG. "Project" shall mean the extensions, additions, betterments and improvements described in Exhibit A attached hereto to the existing combined waterworks and sewerage system of the Town.

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

(a) Government Obligations;

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

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

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

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

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

(g) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended, provided that investments by such fund (or portion thereof) on behalf of the Town may only be in Qualified Investments other than the those described in this paragraph (g); and

(h) Tax-exempt securities.

II. "Rebate Deposit" shall mean the excess of - (A) the aggregate amount earned for the period from the date of issue of the Subordinate Bonds to the computation date on all obligations in which any moneys in the funds and accounts described in these instructions are invested (the "Nonpurpose Obligations"), over - (B) the amount that would have been

earned for such period if the yield on the Nonpurpose Obligations had been equal to the yield of the Subordinate Bonds.

JJ. "Rebate Fund" shall mean the fund created pursuant to Section 4.01(5) hereof.

KK. "Rebate Income Account" shall mean the account established within the Rebate Fund pursuant to Section 4.01(5)(b) hereof.

LL. "Rebate Principal Account" shall mean the account established within the Rebate Fund pursuant to Section 4.01(5)(a) hereof.

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

NN. "Registrar" shall mean the bank designated as such in the Supplemental Resolution.

OO. "Renewal and Replacement Fund" shall mean the depreciation fund created by Section 4.01 hereof.

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

QQ. "Reserve Account Requirement" shall mean the maximum amount of principal and interest which will mature and come due on the Subordinate Bonds in any succeeding Fiscal Year.

RR. "Revenue Fund" shall mean the revenue fund created by Section 3.02 of the Prior Ordinance so long as the Prior Bonds are outstanding and, thereafter, the fund created by Section 4.01(A) hereof.

SS. "Sinking Fund" shall mean the fund created by Section 4.02(1) hereof.

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

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

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

WW. "Supplemental Loan Agreement" shall mean the Supplemental Loan Agreement between the Authority and the Town providing for the purchase of the Original Supplemental Bonds from the Town by the Authority.

XX. "Supplemental Reserve Account" shall mean the account established in the Supplemental Sinking Fund pursuant to Section 4.02(2)(a) hereof.

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

ZZ. "Supplemental Resolution" shall mean any resolution, ordinance or order of the Town supplementing or amending this Ordinance and, when preceded by the article "the", refers specifically to the supplemental resolutions authorizing the sale of the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Original Bonds and not so included may be included in another Supplemental Resolution.

Aa. "Supplemental Sinking Fund" means the fund established by Section 4.02(2) hereof.

Bb. "System" shall mean the complete existing combined waterworks and sewerage system now owned by the Town, consisting of a waterworks system in its entirety or any integral part thereof, and a sewerage treatment and collection system, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks and sewerage system from any sources whatsoever, both within and without said Town.

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

Dd. "WDA Loan Agreements" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement.

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

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

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

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

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Original Bonds. For the purpose of financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, there shall be issued the Original Bonds of the Town. The Original Bonds shall be issued in two issues, to be designated, respectively, "Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986" in an aggregate principal amount of not more than $205,000, and "Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986," in the aggregate principal amount of not more than $105,000. The Original Bonds shall be dated as of the date of delivery thereof, shall mature on October 1 in such years, not exceeding forty (40) years after the date of issuance; and in such amounts as shall be set out in Schedule X to the WDA Loan Agreements, respectively. The Original Subordinate Bonds shall bear interest at the rate of 9.75 percent per annum, payable semiannually, on April 1 and October 1 of each year, beginning on the first interest payment date following issuance and delivery of the Original Bonds. The Original Supplemental Bonds bear no interest. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the WDA Loan Agreements and as the Council of the Town shall prescribe by resolution (or by

supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Original Bonds.

The Bonds shall be payable as to principal at the principal office of the Paying Agent in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owner thereof at the address as its appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Subordinate Bonds may be paid by wire transfer or other methods satisfactory to the Town, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each issue, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each issue, and shall mature in principal installments, all as provided in the WDA Loan Agreements and said Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in a said Supplemental Resolution and shall bear interest from such date.

Section 3.02. Execution of Bonds. Said Bonds shall be executed in the name of the Town by the Mayor, and the seal of the Town shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Town, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08 shall have been duly manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Town, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging Bonds or transferring Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar. For every such exchange or transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the Town. The Registrar shall not be obliged

Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.08. Form of Original Bonds. The text of the Original Subordinate Bonds and Original Supplemental Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

[FORM OF THE ORIGINAL SUBORDINATE BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF LOGAN
TOWN OF CHAPMANVILLE
SUBORDINATE WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 1986

No. R-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF CHAPMANVILLE, a municipal corporation of the State of West Virginia, in Logan County of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority "), or registered assigns, the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the date of this Bond until payment of such installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning _____, 198__. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the principal corporate trust office of _____, _____, West Virginia, as register and paying

agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the Payee at the address as it appears on the books of the Register on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is registered owner hereof.

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

This Bond is issued (i) to pay costs of acquisition and construction of certain improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the Town (the "Project"), (ii) to capitalize interest thereon, and (iii) [to fund a reserve account therefor; and (iv)] to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Town on the _____ day of _____, 19___, and a Supplemental Resolution adopted by the Town on the _____ day of _____, 19__ (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 of the Town (the "Supplemental Bonds"), issued in the aggregate principal amount of $_____, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds of this issue. This Bond is junior and subordinate to the Prior Bonds, as defined in the Ordinance.

This Bond is payable only from and secured by a pledge of a second lien on the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same or the interest thereon except from said special

fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year and in the reserve account for the Prior Bonds an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the

revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF CHAPMANVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Subordinate Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

_____
as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal this Bond.

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

IN WITNESS WHEREOF, the TOWN OF CHAPMANVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Supplemental Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

_____
as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.09. Sale of Original Bonds; Execution of WDA Loan Agreements. The Original Bonds shall be sold to the Authority, pursuant to the respective terms and conditions of the WDA Loan Agreements. As a ratification of the resolution of Council authorizing execution of the WDA Loan Agreements, the Mayor is specifically authorized and directed to execute the WDA Loan Agreements and the Recorder is directed to affix the seal of the Town, attest the same and deliver the WDA Loan Agreements to the Authority. The WDA Loan Agreements are specifically incorporated into this Ordinance.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (when the Prior Bonds are no longer outstanding);

(2) Operation and Maintenance Fund (when the Prior Bonds are no longer outstanding);

(3) Renewal and Replacement Fund;

(4) Bond Construction Trust Fund; and

(5) Rebate Fund;

(a) Within the Rebate Fund, the Rebate Principal Account, and

(b) Within the Rebate Fund, the Rebate Income Account.

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

(1) Sinking Fund;

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

(2) Supplemental Sinking Fund;

(a) Within the Supplemental Sinking Fund the Supplemental Reserve Account.

Section 4.03. System Revenues; Flow of Funds. A. As long as the Prior Bonds are outstanding, the entire Gross Revenues shall be deposited pursuant to the terms of the Prior Ordinance. When the Prior Bonds are no longer outstanding, the entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner therein provided.

(1) So long as the Prior Bonds are outstanding, the Town shall first make all transfers and deposits as required by the Prior Ordinance.

(2) When the Prior Bonds are no longer outstanding, the Town shall, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(3) Thereafter, from the money remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing seven months prior to the first date of payment of interest on the Subordinate Bonds from Net Revenues, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Subordinate Bonds on the next ensuing semiannual interest payment date, with a credit to the deposit preceding the interest payment for any amounts already on deposit therein.

(4) The Town shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Subordinate Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Subordinate Bonds on the next ensuing principal payment date, with a credit to the deposit preceding the principal payment for any amounts already on deposit therein and not credited pursuant to paragraph (3) above.

(5) The Town shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Subordinate Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account in the Sinking Fund, an amount equal to 1/120th of the Reserve Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. If the Town deposits the Reserve

Requirement in the Reserve Account when the Subordinate Bonds are issued and delivered, then no monthly deposits are required unless the Reserve Account is drawn upon and contains less than the Reserve Requirement.

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

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Fund for payment of debt service on the Subordinate Bonds have been made in full.

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

(7) From the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing the month succeeding the first full calendar month after completion of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2-1/2% of the Gross Revenues each month, exclusive of payments for account of the Reserve Account in the Sinking Fund. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in the Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 4.03(A)(5)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(8) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Supplemental Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Supplemental Bonds on the next ensuing principal payment date, with a credit to the deposit preceding the principal payment for any amounts already on deposit therein.

(9) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Supplemental Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Reserve Account, an amount equal to 1/120th of the Supplemental Reserve Requirement; provided, that no further payments shall be made into the Supplemental Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Supplemental Reserve Requirement. If the Town deposits the Supplemental Reserve Requirement in the Supplemental Reserve Account when the Supplemental Bonds are issued and delivered, then no monthly deposits are required unless the Supplemental Reserve Account is drawn upon and contains less than the Supplemental Reserve Requirement.

Moneys in the Supplemental Sinking Fund shall be used only for the purposes of paying principal of the Supplemental Bonds as the same shall become due. Moneys in the Supplemental Reserve Account in the Supplemental Sinking Fund shall be used only for the purpose of paying principal of the Supplemental Bonds, as the same shall come due, when other moneys in the Supplemental Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Supplemental Reserve Account shall be transferred, no less than once each year, to the Bond Construction Trust Fund prior to completion of the Project, and thereafter to the Supplemental Sinking Fund.

Any withdrawals from the Supplemental Reserve Account which result in a reduction in the balance of the Supplemental Reserve Account to below the Supplemental Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

B. As and when additional Bonds ranking on a parity with the Original Subordinate Bonds or the Original Supplemental Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in

each respective Reserve Account in an amount equal to the respective Reserve Requirement.

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

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

Moneys in the respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VII hereof.

The respective Sinking Funds, including the respective Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity with either thereof that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the respective Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the Town.

D. The Town shall remit from the Revenue Fund to Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges and the Paying Agent fees then due.

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

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

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

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

Section 4.04. Excess Bond Proceeds. The Town shall place any excess proceeds from the Original Bonds not required by the Project in the respective Reserve Accounts.

Section 4.05. Rebate Fund. The Town shall make or cause to be made the calculation(s) required by the Tax Reform Act of 1985 and shall support such calculations with a letter from Independent Accountants verifying the accuracy of such calculations. The Town shall direct the Depository Bank to make deposits to and disbursements from the Rebate Fund in accordance with the Tax Reform Act of 1985 and to invest the Rebate Fund pursuant to said Tax Reform Act of 1985 and direction from the Town and direct the Depository Bank to deposit income from such investments immediately upon receipt thereof in the Rebate Income Account. This Section, and Sections 4.06 and 4.07 hereof, may be superseded or amended by a resolution supplemental hereto adopted by the Town and accompanied by an opinion of nationally recognized bond counsel addressed to the Town to the effect that said supplemental resolution will not cause the interest on the Bonds to become taxable to the recipient thereof.

Section 4.06. Rebate Deposits. The Town shall annually make or cause to be made the computation of the Rebate Deposit. If a deposit to the Rebate Principal Account is required as a result of such computation, the Town shall notify the Depository Bank within fifteen (15) days of the end of the Bond Year that a payment is required and make such deposit. If a withdrawal from the Rebate Principal Account is permitted as a result of such computation, the Town shall direct the Depository Bank to deposit the amount withdrawn from the Principal Account into the Revenue Fund for the benefit of the Town. Records of the determinations required by this Section must be retained by the Town until six (6) years after the Bonds are no longer outstanding.

Section 4.07. Rebate Disbursements. Not later than thirty (30) days after the end of the fifth Bond Year (five (5) years and thirty (30) days after the date of issuance of the Original Bonds) and every five (5) years thereafter, the Town

shall pay to the United States ninety percent (90%) of the amount required to be on deposit in the Rebate Principal Account as of such payment date and ninety percent (90%) of the amount on deposit in the Rebate Income Account as of such payment date. Not later than thirty (30) days after the final retirement of the Bonds, the Town shall direct the Depository Bank to pay to the United States one hundred percent (100%) of the balance remaining in the Rebate Principal Account and the Rebate Income Account. Each payment required to be paid to the United States pursuant to this Section shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. The Town shall provide with such direction a copy of the form originally filed with respect to the Bonds and a statement summarizing the determination of the amount to be paid to the United States.

ARTICLE V

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Application of Original Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. The amount of the proceeds which together with the earnings thereon shall be at least sufficient to pay interest on the Original Subordinate Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund; provided, that such period may not extend beyond the date which is six months after the estimated date of completion of construction of the Project.

B. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the Town in the Bond Construction Trust Fund hereinafter established.

Section 5.02. Bond Construction Trust Fund; Capitalized Interest Account. There is hereby created and established with the Depository Bank a special fund to be known as the "Town of Chapmanville Bond Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Town and used and applied by the Town solely for the payment of the Costs of the Projects, and for no other purposes whatsoever. Unless alternative provisions are made by Supplemental Resolution, the moneys in said fund shall be secured at all times by the deposit in such bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes may, with the consent of

the Consulting Engineers, be invested in Qualified Investments having maturities of not more than one year. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds shall be deposited by the Town in the Reserve Accounts within the Sinking Funds established pursuant to this Ordinance and shall be used only as provided herein for said fund. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the owners of the Original Bonds with the lien on behalf of the Original Supplemental Bond being subordinate and junior to that of the Original Subordinate Bond.

Expenditures or disbursements from said Bond Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Original Bonds, shall be made only after such expenditures or disbursements shall have been approved in writing by the Council and the Consulting Engineers.

There is hereby created and established within the Bond Construction Trust Fund a special account to be known as the "Capitalized Interest Account"; the funds of which account shall be kept separate and apart from all other funds of the Town and the Depository Bank and used and applied to pay the interest on the Subordinate Bonds during construction and for six months thereafter. Investment earnings on the Capitalized Interest Account shall be transferred monthly to the Bond Construction Trust Fund and used for Costs of the Project.

ARTICLE VI

ADDITIONAL COVENANTS OF THE TOWN

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

Section 6.02. Bonds Not To Be Indebtedness of the Town. The Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System, or from the respective Reserve Account, as herein provided. No owner or owners of any Bonds

issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Subordinate Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, subject only to the lien on behalf of the Prior Bonds, and payment of the debt service of the Supplemental Bonds issued hereunder shall be secured forthwith equally and relatively by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the owners of the Subordinate Bonds and the Prior Bonds, to the extent necessary to make the payments required under Section 4.03 of this Ordinance. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Bonds herein authorized, and to make the payments into the respective Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and any interest on the Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times to be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder and under the Prior Ordinance. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Town shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Prior Bonds, the Subordinate Bonds and the Supplemental Bonds; provided that, in the event that an

amount at least equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account, an amount at least equal to the Supplemental Reserve Requirement is in deposit in the Supplemental Reserve Account and the reserve account for the Prior Bonds is funded at least at the requirement provided for in the Prior Ordinance, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original Bonds and the Prior Bonds.

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

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

The foregoing provision notwithstanding, and subject to any requirement of the Prior Ordinance, the Town shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), the Town shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Town Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the

amount to be received from such sale, lease or other disposition of said property shall be in excess of $10,000 but not in excess of $50,000, the Council shall first, in writing, determine with the written approval of the Consulting Engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Town to the Commission for deposit in the appropriate Sinking Funds and shall be applied only to the redemption of Bonds of the last maturities then outstanding or to the purchase of Bonds of the last maturities then outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom shall be in excess of fifty thousand dollars ($50,000) and insufficient to pay or redeem prior to maturity all the Prior Bonds and the Bonds then outstanding without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Prior Bonds and the Bonds then outstanding. The Town shall prepare the form of such approval and consent for execution by the then owners of the Prior Bonds and the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 6.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Supplemental Bonds or, if no Supplemental Bonds are outstanding, with the Subordinate Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 6.08 hereafter. All obligations hereafter issued by the Town payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects, to the Prior Bonds and to the Bonds to the extent such are outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective Reserve Accounts and the Renewal and Replacement

Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

No Subordinate Parity Bonds shall be issued so long as any Supplemental Bonds are outstanding. No Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the entirety of one or more issues or series of Bonds or both such purposes.

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

(1) The Prior Bonds;

(2) The Original Bonds then Outstanding;

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

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the outstanding Prior Bonds, Subordinate Bonds and Supplemental Bonds on such revenues.

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

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

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

As long as any Supplemental Bonds are outstanding, the Town may issue Parity Supplemental Bonds upon satisfaction of the tests set forth above and taking into consideration all debt service requirements on all bonds superior to the Supplemental Bonds, the Supplemental Bonds and including the proposed Parity Supplemental Bonds.

Section 6.09. Insurance. The Town will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. In time of war, the Town shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. Unless

otherwise required by the Prior Ordinance, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Town will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Town shall carry such other insurance as is required by the Authority.

Section 6.10. Consulting Engineers. The Town may retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and repair of the System and to report annually to the Town in writing their recommendations and comments as to the System.

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

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

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

that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 6.13. No Competing Franchise. To the extent allowable by law, the Town will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct entries shall be made of all transactions relating to the System, and any owner of a Bond or Bonds issued pursuant to this Ordinance shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the West Virginia Public Service Commission and the Act. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Town. The Town shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Town shall be reported to such agent of the Town as the Council shall direct.

The Town shall file with the Consulting Engineer and the Authority, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

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

The Town shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Ordinance, and shall submit said report the Authority. The report of said audit shall include a statement that the Town is in compliance with the terms and provisions of the WDA Loan Agreements and this Ordinance.

Section 6.15. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the System established under an ordinance of the Town enacted on or before the date of the adoption or enactment of a resolution or ordinance adopted or enacted in connection with the sale of the Bonds as provided herein shall constitute the initial schedule of rates for said System for purposes of this Ordinance.

Section 6.16. Operating Budget. The Board shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Council shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who requests in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 6.17. Connection. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, prospective users of the System shall be required to connect thereto.

Section 6.18. Covenant to Amend Ordinance. The Town shall amend this Ordinance by a resolution supplemental hereto to comply with any Tax Reform Act, as enacted by the Congress of the United States and signed by the President, if terms of the law as enacted conflict with the terms hereof. The Council of the Town hereby retains the specific authority to amend this Ordinance, or supplement it by resolution prior to the sale of the Bonds, to comply with related federal legislation. In its determination to amend or supplement this Ordinance, the Town may rely on the opinion of nationally recognized bond counsel.

Section 6.19. Essential Governmental Function Bonds. The Town shall use the Bond proceeds solely for the Project and such Project will be solely operated as a governmental function. The Town shall not allow ten percent (10%) or more of the gross proceeds of the Bonds to be used either directly or indirectly in any trade or business carried on by any person other than a governmental unit and shall not take any other action which would make the Bonds nonessential function bonds within the meaning of the Tax Reform Act. This covenant may be amended by a resolution supplemental hereto if the Tax Reform Act is not enacted by the Congress of the United States or if the Council receives an opinion of nationally recognized bond counsel to the effect that such covenant is not required to maintain the tax-exempt status of the Bonds.

Section 6.20. Expenditure of Bond Proceeds. The Town shall expend at least five percent (5%) of the proceeds of the Bonds within thirty (30) days from the date of issuance of the Bonds and shall expend all remaining proceeds (other than reasonable bond reserves) within the earlier of the substantial completion of the Project or three (3) years from the date of issuance of the Bonds.

Section 6.21. Bond Reporting Requirements. The Town shall make and file such reports as required by the Tax Reform Act or such other federal legislation as is enacted by the Congress of the United States.

ARTICLE VII

INVESTMENT OF FUNDS

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes

set forth herein and the specified restrictions and provisions set forth in this Section 7.01 and in Sections 7.03 and 7.04.

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

Section 7.02. Restrictions as to Arbitrage Bonds. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, or the rules and regulations promulgated pursuant thereto, and the Mayor of the Town shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

Section 7.03. Restriction of Yield on Bond Proceeds. The Town shall restrict the investment yield on all Bond proceeds designated for acquisition of tangible property as set forth in the Certificate as to Non-Arbitrage, including land, buildings, equipment and furnishings, to the Bond yield beginning thirty (30) days from the date the Bonds are issued. The Town shall restrict the investment yield on all Bond proceeds designated for construction of the Project as set forth in the Certificate as to Non-Arbitrage to the earliest of (a) substantial completion of the Project; (b) expenditure of funds from any source equal to the Bond proceeds; (c) three (3) years after date of issuance of the bonds; or (d) three (3) years after commencement of construction. For the purposes of this Section, yield does not include cost of issuance expenses or any discount. After the temporary periods set forth above all proceeds must be yield restricted. The yield on funds placed in the Renewal and Replacement Fund must be restricted if the fund exceeds fifteen percent (15%) of the bond issue or

if the fund contains nonpurpose obligations with a yield in excess of one hundred fifty percent (150%) of the principal and interest due during the Bond Year. This Section may be amended by a resolution supplemental hereto if the Tax Reform Act is not enacted by the Congress of the United States or if the Council receives an opinion of nationally recognized bond counsel to the effect that such covenant is not required to maintain the tax-exempt status of the Bonds.

Section 7.04. Investment Restrictions. The Town shall not invest the proceeds of the Bonds in any account, certificate or fund which is either directly or indirectly guaranteed by the United States of America and which deposit would violate the provisions of the Tax Reform Act. The Town may invest the funds in the Sinking Fund and the Renewal and Replacement Fund in federally insured deposits or accounts. This covenant may be amended by a resolution supplemental hereto if the Tax Reform Act is not enacted by the Congress of the United States or if the Council receives an opinion of nationally recognized bond counsel to the effect that such covenant is not required to maintain the tax-exempt status of the Bonds.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Subordinate Bonds or the Supplemental Bonds as the case may be:

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

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Ordinance, any supplemental resolution, or in such Bonds, and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by any bank or banking association holding any fund or account hereunder or a owner of such Bonds; or

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

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Subordinate Bonds or Supplemental Bonds, as the case may be, any Registered Owner of such Bond may exercise any available

remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such registered Owners including the right to require the Town to perform its duties under the Act and the Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon such Bonds, (iv) by action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the registered owners of such Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such registered Owners.

Section 8.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Subordinate Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Town of such default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System

shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order of the court to that effect. Upon any subsequent default, any owner of Bonds issued pursuant to this Ordinance shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System. The provisions of this section shall be subject to the Prior Ordinance and to the superior rights of the Subordinate Bonds over the Supplemental Bonds.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Subordinate Bonds. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the owners of all Subordinate Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then with respect to the Subordinate Bonds only, the pledge of Net Revenues and any other moneys and securities pledged under this

Ordinance and all covenants, agreements and other obligations of the Town to the Bondholders of the Subordinate Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Subordinate Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on the Subordinate Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Subordinate Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the affect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agents, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments and interest due and to become due on said Subordinate Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Subordinate Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Town, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

Section 9.02. Defeasance of Supplemental Bonds. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the respective Owners of all Supplemental Bonds, the principal thereof, at the times and in the manner stipulated therein and in this Ordinance, then with respect to the Supplemental Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Town to the registered Owners of the Supplemental Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Supplemental Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of such Supplemental Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series Supplemental Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Supplemental Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Supplemental Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Supplemental Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Town as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Bonds then outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal and interest out of the revenues of the System without the consent

of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

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

Section 10.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinance, in conflict with this Ordinance are to the extent of such conflict repealed.

Section 10.04. Covenant of Due Procedure. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 10.05. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

First Reading: March 1, 1986

Second Reading
and Passage: March 10, 1986

Public Hearing: March 24, 1986

This Ordinance was placed into effect following the public hearing held on March 24, 1986.

(SEAL)

Claude Workman
Recorder

Jerome Dingess
Mayor

EXHIBIT A

Project Description

The Project includes a new 500 GPM surface water treatment plant and distribution system improvements. The new water treatment plant flow will augument the capacity of the existing well water treatment system. The distribution system improvements will insure that the customers are provided potable water at an adequate pressure.

The new water treatment plant will treat raw water pumped from the new intake structure located on the Guyandotte River. The treatment plant itself will be contained in a metal frame structure and will consist of chemical addition and mixing, flocculation, sedimentation, filtration, disinfection, and high service pumping. The plant will also include the ancillary components of a laboratory, office and operations room, chemical storage area and all required piping and valves for adequate treatment.

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the Town of Chapmanville, Logan County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of an official record of the Town of Chapmanville, such records being in the custody of the undersigned and maintained at the Town of Chapmanville Municipal Building, Chapmanville, Logan County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 25th day of March, 1986.

Claudia Workman
Recorder

[SEAL]

Supplemental and Amendatory Resolution

Introduced in Council

March 24, 1986

Introduced by

C. T. Mullins

Adopted by Council

March 24, 1946

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

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

An Ordinance authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the combined waterworks and sewerage system of the Town of Chapmanville; authorizing the issuance of not more than $205,000 in aggregate principal amount of Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and not more than $105,000 in aggregate principal amount of Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, of said Town of Chapmanville to be used, along with other funds and moneys of, or available to, the Town of Chapmanville which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction, to fund reserve accounts for

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such bonds, to provide for capitalized interest during construction and to pay other costs in connection therewith; providing for the rights and remedies of and security for the owners of such bonds; and adopting other provisions related thereto.

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

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

WHEREAS, the Council of the Town of Chapmanville (the "Council") deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal dates of the

Bonds be fixed hereby in the manner stated herein; and that other matters relating to the Bonds be herein provided for; and

WHEREAS, the Council deems it essential to amend the Ordinance to re-establish the first interest payment date for the Subordinate Bonds;

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

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

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

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

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

therein by reference.

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

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

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

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

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

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

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

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

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

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

> Section 3.01. Authorization and Terms of Original Bonds. For the purpose of financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, there shall be issued the Original Bonds of the Town. The Original Bonds shall be issued in two issues, to be designated, respectively, "Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986" in an aggregate principal amount of not more than $205,000, and "Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986," in the aggregate principal amount of not more than $105,000. The Original Bonds shall be dated as of the date of delivery thereof, shall mature on October 1 in such years, not exceeding forty (40) years after the date of issuance; and in such amounts as shall be set out in Schedule X to the WDA Loan Agreements, respectively. The Original Subordinate Bonds shall bear interest at the rate of 9.75 percent per annum, payable semiannually, on April 1 and October 1 of each year, beginning on October 1, 1986. The Original Supplemental Bonds

bear no interest. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the WDA Loan Agreements and as the Council of the Town shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Original Bonds.

The Bonds shall be payable as to principal at the principal office of the Paying Agent in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owner thereof at the address as its appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Subordinate Bonds may be paid by wire transfer or other methods satisfactory to the Town, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each issue, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each issue, and shall mature in principal installments, all as provided in the WDA Loan Agreements and said Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form, in the denomination of $5,000 or any integral

multiple thereof, all as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in a said Supplemental Resolution and shall bear interest from such date.

Section 11. This Supplemental Resolution shall be effective immediately upon adoption.

TOWN OF CHAPMANVILLE

Jerome Dawson
Mayor

Claude Workman
Recorder

[SEAL]

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the Town of Chapmanville, Logan County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of an official record of the Town of Chapmanville, such records being in the custody of the undersigned and maintained at the Town of Chapmanville Municipal Building, Chapmanville, Logan County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 25th day of March, 1986.

Claude Workman
Recorder

[SEAL]

TOWN OF CHAPMANVILLE

AMENDATORY AND SUPPLEMENTAL BOND AND NOTE ORDINANCE

17A

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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 then $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, values, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and a sewage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes (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.

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 quality 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: Septb 10, 1992

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

(SEAL)

Claude Wortman
Recorder

Joy 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 refurnished.

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 Workman
Recorder

[SEAL]
ABB0037E

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 8th day of October, 1992.

Dated: 10/23, 1992.

Claude Watson
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%

State of West Virginia
WATER DEVELOPMENT AUTHORITY
180 Association Drive
Charleston WV 25311-1571
Telephone (304) 558-3612
Telecopier (304) 558-0299

August 24, 1999

Town of Chapmanville
Waterworks and Sewerage System Revenue Bonds, Series 1999 A
(West Virginia Clean Water SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1986 A Bonds, the Series 1986 B Bonds and the Series 1992 A Bonds, hereinafter defined and described, hereby consents to the issuance of the Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program) (the "Bonds"), in the original aggregate principal amount of $140,000, by the Town of Chapmanville (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 A Bonds"), and Waterworks and Sewerage System Revenue Bonds, Series 1992 (the "Series 1992 A Bonds"), and senior and prior, with respect to liens, pledge and source of and security for payment, to the Issuer's outstanding Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Lyon Jr.

Authorized Representative

NUMBER
AR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF LOGAN
TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

No. AR-1 $140,000

KNOW ALL MEN BY THESE PRESENTS: That the Town of Chapmanville, a municipal corporation and political subdivision of the State of West Virginia, in Logan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of ONE HUNDRED FORTY THOUSAND DOLLARS ($140,000), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2000, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Ordinance) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2000, as set forth on Exhibit B attached hereto.

SPECIMEN

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and as otherwise provided by the Loan Agreement dated July 16, 1999, among the Authority, the DEP and the Issuer.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing combined waterworks and sewerage system of the Issuer (the "Project"), and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), an Ordinance duly passed by the Issuer on July 29, 1999, effective August 12, 1999, and a Supplemental Resolution duly adopted by the Issuer on August 12, 1999 (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

SPECIMEN

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,260 (THE "SERIES 1986 A BONDS"), AND (2) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, DATED OCTOBER 23, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $757,533 (THE "SERIES 1992 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUPPLEMENTAL SUBORDINATE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1986, DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $99,740 (THE "SERIES 1986 B BONDS").

The Series 1986 A Bonds, the Series 1986 B Bonds and the Series 1992 A Bonds are hereinafter collectively call the "Prior Bonds."

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues (as defined in the Ordinance), to be derived from the operation of the System, on a parity with the lien of the Series 1986 A Bonds and the Series 1992 A Bonds and senior and prior to the lien of the Series 1986 B Bonds, moneys in the Series 1999 A Bonds Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may

be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and other obligations on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding fiscal year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds, for the terms of which, reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

SPECIMEN

This Bond is transferable, as provided in the Ordinance, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or its attorney duly authorized in writing, upon the surrender of this Bond together, with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations

of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of this page intentionally left blank.]

SPECIMEN

IN WITNESS WHEREOF, the Town of Chapmanville has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated the 24th day of August, 1999.

[SEAL]

Mayor

ATTEST:

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

Dated: August 24, 1999.

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$7,000	8/24/99	(13)	$	
(2)	$		(14)	$	
(3)	$		(15)	$	
(4)	$		(16)	$	
(5)	$		(17)	$	
(6)	$		(18)	$	
(7)	$		(19)	$	
(8)	$		(20)	$	
(9)	$		(21)	$	
(10)	$		(22)	$	
(11)	$		(23)	$	
(12)	$		(24)	$	

SPECIMEN

Total $_____

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Chapmanville, West Virginia

Loan of $140,000

20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	1,750.00	-	1,750.00
12/01/2000	1,750.00	-	1,750.00
3/01/2001	1,750.00	-	1,750.00
6/01/2001	1,750.00	-	1,750.00
9/01/2001	1,750.00	-	1,750.00
12/01/2001	1,750.00	-	1,750.00
3/01/2002	1,750.00	-	1,750.00
6/01/2002	1,750.00	-	1,750.00
9/01/2002	1,750.00	-	1,750.00
12/01/2002	1,750.00	-	1,750.00
3/01/2003	1,750.00	-	1,750.00
6/01/2003	1,750.00	-	1,750.00
9/01/2003	1,750.00	-	1,750.00
12/01/2003	1,750.00	-	1,750.00
3/01/2004	1,750.00	-	1,750.00
6/01/2004	1,750.00	-	1,750.00
9/01/2004	1,750.00	-	1,750.00
12/01/2004	1,750.00	-	1,750.00
3/01/2005	1,750.00	-	1,750.00
6/01/2005	1,750.00	-	1,750.00
9/01/2005	1,750.00	-	1,750.00
12/01/2005	1,750.00	-	1,750.00
3/01/2006	1,750.00	-	1,750.00
6/01/2006	1,750.00	-	1,750.00
9/01/2006	1,750.00	-	1,750.00
12/01/2006	1,750.00	-	1,750.00
3/01/2007	1,750.00	-	1,750.00
6/01/2007	1,750.00	-	1,750.00
9/01/2007	1,750.00	-	1,750.00
12/01/2007	1,750.00	-	1,750.00
3/01/2008	1,750.00	-	1,750.00
6/01/2008	1,750.00	-	1,750.00
9/01/2008	1,750.00	-	1,750.00
12/01/2008	1,750.00	-	1,750.00
3/01/2009	1,750.00	-	1,750.00
6/01/2009	1,750.00	-	1,750.00
9/01/2009	1,750.00	-	1,750.00
12/01/2009	1,750.00	-	1,750.00
3/01/2010	1,750.00	-	1,750.00
6/01/2010	1,750.00	-	1,750.00
9/01/2010	1,750.00	-	1,750.00
12/01/2010	1,750.00	-	1,750.00
3/01/2011	1,750.00	-	1,750.00

SPECIMEN

NUMBER

AR-1

Town of Chapmanville, West Virginia

Loan of $140,000

20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	1,750.00	-	1,750.00
9/01/2011	1,750.00	-	1,750.00
12/01/2011	1,750.00	-	1,750.00
3/01/2012	1,750.00	-	1,750.00
6/01/2012	1,750.00	-	1,750.00
9/01/2012	1,750.00	-	1,750.00
12/01/2012	1,750.00	-	1,750.00
3/01/2013	1,750.00	-	1,750.00
6/01/2013	1,750.00	-	1,750.00
9/01/2013	1,750.00	-	1,750.00
12/01/2013	1,750.00	-	1,750.00
3/01/2014	1,750.00	-	1,750.00
6/01/2014	1,750.00	-	1,750.00
9/01/2014	1,750.00	-	1,750.00
12/01/2014	1,750.00	-	1,750.00
3/01/2015	1,750.00	-	1,750.00
6/01/2015	1,750.00	-	1,750.00
9/01/2015	1,750.00	-	1,750.00
12/01/2015	1,750.00	-	1,750.00
3/01/2016	1,750.00	-	1,750.00
6/01/2016	1,750.00	-	1,750.00
9/01/2016	1,750.00	-	1,750.00
12/01/2016	1,750.00	-	1,750.00
3/01/2017	1,750.00	-	1,750.00
6/01/2017	1,750.00	-	1,750.00
9/01/2017	1,750.00	-	1,750.00
12/01/2017	1,750.00	-	1,750.00
3/01/2018	1,750.00	-	1,750.00
6/01/2018	1,750.00	-	1,750.00
9/01/2018	1,750.00	-	1,750.00
12/01/2018	1,750.00	-	1,750.00
3/01/2019	1,750.00	-	1,750.00
6/01/2019	1,750.00	-	1,750.00
9/01/2019	1,750.00	-	1,750.00
12/01/2019	1,750.00	-	1,750.00
3/01/2020	1,750.00	-	1,750.00
6/01/2020	1,750.00	-	1,750.00
Total	**140,000.00**	-	**140,000.00***

SPECIMEN

*Plus $177.20 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $14,176.

NUMBER
AR-1

[Form of Assignment]

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

_____

_____

_____

_____

_____

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

Dated: _____, _____.

SPECIMEN

_____

In the presence of:

_____

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
12. INSURANCE
13. LOAN AGREEMENT
14. TRUTH AND ACCURACY OF DOCUMENTS
15. SPECIMEN BOND
16. BOND PROCEEDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. VERIFICATION OF SCHEDULE A
20. YEAR 2000 COMPLIANCE
21. COUNTERPARTS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Chapmanville, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), numbered AR-1, dated the date hereof, in the principal amount of $140,000, bearing no interest and subject to the SRF Administration Fee of one percent (1%) (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly passed by the Issuer on July 29, 1999, effective August 12, 1999, the Supplemental Resolution duly adopted by the Issuer on August 12, 1999, relating to the Bonds (collectively, the "Ordinance"), and the Loan Agreement entered into among the Issuer, the West Virginia

Division of Environmental Protection ("DEP") and the West Virginia Water Development Authority (the "Authority"), dated July 16, 1999, for the Bonds (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Council thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

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

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

The Series 1999 A Bonds shall be issued on a parity with the Series 1986 A Bonds and the Series 1992 A Bonds, and senior and prior to the Series 1986 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Accountant stating that the parity tests of the Series 1986 A Bonds and the Series 1992 A Bonds are met; (ii) the written consent of the Holders of the Series 1986 A Bonds and the Series 1992 A Bonds to the issuance of the Series 1999 A Bonds on a parity with the Series 1986 A Bonds and the Series 1992 A Bonds; and (iii) the written consent of the Holders of the Series 1986 B Bonds to the issuance of the Series 1999 A Bonds on a senior and prior basis to the Series 1986 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and serving officers of the Issuer as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal

the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has filed information with the Public Service Commission of West Virginia (the "PSC") and taken all other action required to maintain the Final Order entered on August 23, 1999, in Case No. 99-0593-S-CN, which grants a certificate of convenience and necessity for the acquisition and construction of the Project and approves the financing for the Project, in full force and effect, and has taken all other action required by applicable law. The time for appeal of such Final Order has not expired prior to the date hereof. However, the parties to such Final Order have stated that they do not intend to appeal such Final Order. The Issuer hereby certifies that it will not appeal such Final Order.

7. RATES: The Issuer has duly enacted a sewer rate ordinance on May 20, 1999, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of the PSC to make the rates valid and effective. The time for appeal of the rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer 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 Issuer is its Council, consisting of five Council members, the Mayor and the Recorder, all duly elected, qualified and acting, whose names and dates of commencement and termination of their current terms of office are listed below:

Office	Name	Date Of Commencement Of Office	Date Of Termination Of Office
Mayor	Joy Vance	July 1, 1999	June 30, 2003
Recorder	Claude Workman	July 1, 1999	June 30, 2003
Council Member	Brett Workman	July 1, 1999	June 30, 2003
Council Member	Anita Ellis Hagerty	July 1, 1999	June 30, 2003
Council Member	James Robinson	July 1, 1999	June 30, 2003
Council Member	James R. Farley	July 1, 1999	June 30, 2003
Council Member	Ona Teaberry Mullins	July 1, 1999	June 30, 2003

The duly appointed and acting Attorney for the Issuer is Bernard Spaulding, Esquire, Logan, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the Issuer, and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions 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 Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

10. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Council duly and regularly or specifically called and held pursuant to all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and the rules of procedure of Council, and a quorum of duly elected or appointed, as applicable, 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.

11. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Council to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The Logan Banner, a qualified newspaper of general circulation in the Issuer, no newspaper being published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a regular meeting of the Council on August 12, 1999, at 7:00 p.m., prevailing time, in the Council Chambers, 6107 Vance Street, Chapmanville, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Council and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

12. INSURANCE: The Issuer 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 and the Loan Agreement.

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

14. TRUTH AND ACCURACY OF DOCUMENTS: The undersigned Mayor and the undersigned 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.

15. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bond which, except as to execution and authentication, is identical in all respects with the Bond this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

16. BOND PROCEEDS: On the date hereof, the Issuer received $7,000 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 Issuer from time to time as acquisition and construction of the Project progresses.

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

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

19. VERIFICATION OF SCHEDULE A: The final amended Schedule A attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project, and the costs of financing of the Bonds. The grant from the Governor's Contingency Fund is committed and currently in full force and effect.

20. YEAR 2000 COMPLIANCE: The Issuer represents that it has undertaken or will undertake an investigation to determine whether the operations of the System, including but not limited to any billing, collection and inventory computer programs of the System and any electronic or mechanical components of the System are Year 2000 Compliant. The Issuer further represents that if it determines as a result of this investigation that any Mission-Critical Component of the System is not Year 2000 Compliant, the Issuer (i) will take timely and affirmative action to repair or replace any such component, and (ii) will perform adequate testing to ensure the sound operation and Year 2000 Compliant status of the repaired or replaced component. For purposes of this paragraph, "Year 2000 Compliant" means, with respect to the information technology the Issuer uses or will use in the operation of the System (including any date-sensitive microprocessors embedded in electronic or mechanical components of the System), the information technology is designed to be used prior to, during and after calendar Year 2000 A.D., and the information technology used during each such time period will accurately receive, provide and process data-time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, including the years 1999 and 2000, and leap-year calculations, and will not malfunction, cease to function, or provide invalid or incorrect results as a result of date-time data. For purposes of this paragraph, "Mission-Critical Component" means any component of the System that would be critical to (a) the System's continued operation after January 1, 2000; (b) the Issuer's ability to continue to bill its customers and collect amounts billed from those customers after January 1, 2000; or (c) the Issuer's ability to make all principal and interest payments for the Bonds as and when they become due.

21. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

[Remainder of this page intentionally left blank]

WITNESS our signatures and the official corporate seal of the Town of Chapmanville, West Virginia, on this 24th day of August, 1999.

[SEAL]

Signature	Official Title
_____	Mayor
_____	Recorder
_____	Attorney

08/20/99
003791/00301

WITNESS our signatures and the official corporate seal of the Town of Chapmanville, West Virginia, on this 24th day of August, 1999.

[SEAL]

Signature	Official Title
_____	Mayor
_____	Recorder
_____	Attorney

08/20/99
003791/00301

EXHIBIT A

Specimen Bond included in transcript under Tab 19.

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

CERTIFICATE OF RECORDER AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly elected Recorder of the Town of Chapmanville, West Virginia (the "Issuer"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the $140,000 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program) (the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter and Procedural Ordinances.

2. Rules of Procedure.

3. Oaths of Office of Mayor, Recorder and Council Members.

4. Rate Ordinance.

5. Minutes of Council Meetings regarding All Readings and Public Hearing of the Rate Ordinance.

6. Affidavit of Publication of the Rate Ordinance and Notice of Public Hearing.

7. Bond Ordinance.

8. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance.

9. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.

10. Supplemental Resolution.

11. Minutes of the Council Meeting regarding the Adoption of the Supplemental Resolution.

12. Loan Agreement.

13. Public Service Commission Order.

14. West Virginia Infrastructure and Jobs Development Council Approval Letter.

15. 1986 Bond Ordinance and Supplemental Resolution.

16. 1992 Bond Ordinance and Supplemental Resolution.

17. Consent of the Water Development Authority to Issuance of Parity Bonds.

18. NPDES Permit.

19. Letter Evidencing Grant from Governor's Contingency Fund.

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

WITNESS my signature and the official seal of the Town of Chapmanville, West Virginia, on this 24th day of August, 1999.

[SEAL]

Recorder

08/13/99
003791/00301

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

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 as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage portion of the existing combined waterworks and sewerage system (the "System") of the Town of Chapmanville (the "Issuer") to be constructed primarily in Logan County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words not defined herein shall have the same meaning set forth in the Bond Ordinance passed by the Issuer on July 29, 1999, effective August 12, 1999, 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 July 16, 1999 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 25 years, if

properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, and in reliance upon the opinion of Bernard Spaulding, Esquire, of even date herewith, all successful bidder(s) have made required provisions for all insurance payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidder(s) received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid form(s) provided to the bidders contain all critical operational components of the Project; (vi) the successful bid(s) include prices for every item on such bid form(s) ; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of McNeal, Williamson & Co., CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 24th day of August, 1999.

[SEAL]

GHOSH ENGINEERS, INC.

Pulak Ghosh, P.E.
West Virginia License No. 7806

08/03/99
003791/00301

SCHEDULE A
Revised 7/6/99

NAME OF GOVERNMENTAL AGENCY: Chapmanville

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

		A. Cost of Project	
1	Construction	$ 318,000	
2	Technical Services	$ 42,000	
3	Legal and Fiscal	$ 13,000	
4	Administrative	$ 20,000	
5	Site and Other Lands	$	
6	Fac. Plan/Design or other Loan Repayment (Specify Type: _____)	$	
7	Interim Financing Costs	$	
8	Contingency	$ 32,000	
9	Total of Lines 1 Through 8		$ 425,000
		B. Source of Funds	
10	Federal Grants:[1] _____	$	
	(Specify Sources) _____	$	
11	State Grants:[1] _____	$ 300,000	
	(Specify Sources) _____	$	
12	Other Grants:[1] _____	$	
	(Specify Sources) _____	$	
13	Any Other Source[2] _____	$	
	(Specify) _____	$	
14	Total of Lines 10 Through 13		$ 300,000
15	Net Proceeds Required from Bond Issue (Line 9 minus Line 14)		$ 125,000
		C. Cost of Financing	
16	Capitalized Interest (Construction period plus six months)	$	
17	Funded Reserve Account[1]	$	
18	Other Costs:[4]	$ 15,000	
		$	
19	Total Cost of Financing (Lines 16 minus 18)	$ 15,000	
20	Size of Bond Issue (Line 15 plus Line 19)		$ 140,000

* not allowable for State Revolving Fund Assistance
** WDA loans are not allowable

Signature of Applicant

Date May 24, 1999

Signature of Consulting Engineer Project Manager

Date 7-9-99

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

August 24, 1999

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

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

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

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

Ladies and Gentlemen:

We have reviewed the sewer service rates of the Town of Chapmanville, West Virginia (the "Issuer"), enacted by the Issuer on May 20, 1999, and the projected operating expenses and anticipated customer usage provided by Ghosh Engineers, Inc. It is our opinion that such rates are adequate (i) to provide for all operating expenses of the combined waterworks and sewerage system of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the Issuer's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and Waterworks and Sewerage System Revenue Bonds, Series 1992 (collectively, the "Prior Bonds"), and the Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program) (the "Series 1999 A Bonds").

Members of American Institute of Certified Public Accountants and West Virginia Society of Certified Public Accountants

It is further our opinion that the net revenues from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 1999 A Bonds, plus the estimated average increased annual net revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 1999 A Bonds, shall not be less than 115% of the maximum debt service in any succeeding year on the Prior Bonds and the Series 1999 A Bonds.

Very truly yours,

McNeal, Williamson & Co.

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

RECEIPT FOR BONDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the 24th day of August, 1999, in Charleston, West Virginia, the Authority received the entire original issue of $140,000 in aggregate principal amount of the Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program) (the "Bonds"), of the Town of Chapmanville (the "Issuer"), dated August 24, 1999, issued in the form of one bond, fully registered to the Authority, and numbered AR-1.

2. At the time of the receipt of the Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 24th day of August, 1999.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

08/03/99
003791/00301

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

RECEIPT FOR BOND PROCEEDS

The undersigned Mayor of the Town of Chapmanville (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

The Issuer has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the $140,000 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program) (the "Bonds"), of $7,000, being more than a de minimis portion of the purchase price of the Bonds. The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer from time to time as construction proceeds to completion.

WITNESS my signature on this 24th day of August, 1999.

TOWN OF CHAPMANVILLE

Mayor

08/03/99
00379100301

M0301232.1

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

REQUEST AND AUTHORIZATION TO AUTHENTICATE
AND DELIVER THE BONDS

August 24, 1999

One Valley Bank, National Association
P.O. Box 1793
Charleston, WV 25326
ATTN: Corporate Trust Department

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $140,000 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), in the form of one bond, numbered AR-1 (the "Bonds"), of the Town of Chapmanville, West Virginia (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly passed by the Issuer on July 29, 1999, and effective August 12, 1999, and a Supplemental Resolution duly adopted by the Issuer on August 12, 1999.

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

TOWN OF CHAPMANVILLE

Mayor

[SEAL]

Attest:

Recorder

08/03/99
003791/00301

26

M0301334.1

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 24th day of August, 1999, by and between the TOWN OF CHAPMANVILLE, WEST VIRGINIA, a municipal corporation (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $140,000 Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program) (the "Bonds"), in the form of one bond, numbered AR-1, in fully registered form, pursuant to a Bond Ordinance duly passed by the Issuer on July 29, 1999, effective August 12, 1999, and a Supplemental Resolution duly adopted by the Issuer on August 12, 1999 (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 Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth.

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

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

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

ISSUER:

Town of Chapmanville
Town Hall
P.O. Box 426
Chapmanville, WV 25508
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
P.O. Box 1793
Charleston, WV 25326
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

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

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF CHAPMANVILLE

Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

08/03/99
003791/00301

EXHIBIT A

See Bond Ordinance (Index No. 8)
See Supplemental Resolution (Index No. 11)

Invoice

ONE VALLEY BANK

MAYOR JOY VANCE
TOWN OF CHAPMANVILLE
P O BOX 426
CHAPMANVILLE, WV 25508

DATE AUGUST 24, 1999

UNITS	ITEM DESCRIPTION	TOTAL
	TOWN OF CHAPMANVILLE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WV CLEAN WATER SRF)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	$250.00

869

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326

ATTN: CHARLOTTE S MORGAN

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), of the Town of Chapmanville, West Virginia (the "Issuer"), dated August 24, 1999, in the principal amount of $140,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 24th day of August, 1999.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte S Morgan

Assistant Vice President

08/03/99
003791/00301

TOWN OF CHAPMANVILLE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A
(WEST VIRGINIA CLEAN WATER SRF PROGRAM)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

LOGAN BANK & TRUST COMPANY, Chapmanville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Chapmanville, West Virginia (the "Issuer"), passed by the Issuer on July 29, 1999, effective August 12, 1999, and a Supplemental Resolution adopted by the Issuer on August 12, 1999, (collectively, the "Ordinance"), authorizing the issuance of the Issuer's Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), in the aggregate principal amount of $140,000, dated August 24, 1999, and agrees to serve as Depository Bank, all as set forth in the Ordinance.

WITNESS my signature on this 24th day of August, 1999.

LOGAN BANK & TRUST COMPANY

By: _____
Its Authorized Officer

08/03/99
003791/00301

M0301315.1

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
812 Quarrier Street, Charleston, WV 25301
(304) 348-3971

2.11

NEW ISSUE REPORT FORM

Date of Report: August 24, 1999

ISSUE: Town of Chapmanville Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program)

ADDRESS: P.O. Box 426, Chapmanville,WV 25508 COUNTY: Logan

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: _____

ISSUE DATE: August 24, 1999 CLOSING DATE: August 24, 1999

ISSUE AMOUNT: $140,000 RATE: 0%; Administrative Fee: 1%

1st DEBT SERVICE DUE: 9/1/2000 1st PRINCIPAL DUE: 9/1/2000

1st DEBT SERVICE AMOUNT: $1,750 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: Logan Bank & Trust Company
Contact Person: Vickie Mounts
Phone: (304)855-7000

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Joy Vance
Position: Mayor
Phone: (304) 855-3227

OTHER: WVDEP
Contact Person: Rosalie Brodersen
Function: Branch Chief
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE: _____
_____
By _____ Wire _____
_____ Check _____

Accrued Interest: $_____
Capitalized Interest: $_____
Reserve Account: $_____
Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: $_____
_____ Check _____ To Issuer: $_____
_____ IGT _____ To Cons.Invest.Fund $_____
_____ To Other:_____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

08/03/99
003791/00301

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DIVISION OF ENVIRONMENTAL PROTECTION

GASTON CAPERTON
GOVERNOR

1201 Greenbrier Street
Charleston, WV 25311-1088

LAIDLEY ELI MCCOY, Ph.D.
DIRECTOR

April 22, 1996

Robert G. Vance, Chairman
Town of Chapmanville
Water and Wastewater Board
P. O. Box 426
Chapmanville, WV 25508

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Vance:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0024678, dated the 22nd day of April 1996, for the Town of Chapmanville, West Virginia.

All facilities permitted to discharge pollutants to the waters of the State, under Chapter 22, Article 11 of the West Virginia Code, are required to test their effluent in order to verify permit compliance. This testing is the responsibility of the permittee, and these test results are to be submitted to the office on the Discharge Monitoring Report (DMR), which is attached to the back of this Permit. A DMR is to be completed and received by this office, each month, no later than 20 days following the end of the reporting period. The address to which DMRs are to be sent is noted in Section E.2, Attention: Municipal Branch. It is suggested that several copies of the enclosed DMR form be made for your future use, as this office does not supply permittees with DMR forms.

Please, also, note Section G.7, on page 10, prohibiting the acceptance of new nondomestic wastewater discharges without prior Office approval.

Please note the attachment to this Permit which describes the annual permit fee requirement.

Further, our records indicate that you received your last annual permit fee invoice in September 1995 on the anniversary date of your previous permit. Enclosed please find a pro-rated annual permit fee invoice, which covers the period from September 1995 to the issuance date of this permit. Your new annual permit fee billing cycle begins on the issuance date of this permit and you will not receive your next invoice until the anniversary of this permit.

All fees are now due and may be included in one check or money order made payable to the WV Division of Environmental Protection. Two (2) copies of the invoice are enclosed. Please return one(1) copy with your remittance to ensure immediate credit to your permit number. If you have any invoice related questions, you may contact Mr. Chris Reger at (304) 558-2107 or TTD No. 558-2751.

If you have any questions regarding this permit, please contact Bhupinder Gill at 304-558-4086, or by TDD at 304-558-2751.

Very truly yours,

OFFICE OF WATER RESOURCES

Barbara S. Taylor
Chief

BST:bgl

Enclosures

cc: Chris Reger

This permit is subject to the following terms and conditions:

Bureau of Public Health Approval No. 2586.

The information submitted on and with Permit Application No. WV0024678 dated the 09th day of May 1995 and additional information received on January 09, 1996, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, G and H.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

A.1. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning May 22, 1996 and lasting through midnight, April 21, 2001 the permittee is authorized to discharge from outlet number(s) 001-Discharge from sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

	Discharge Limitations				Monitoring Requirements	
Effluent Characteristic	(Quantity) lbs/day Avg. Monthly	Max. Daily	Other Units (Specify) Avg. Monthly	Max. Daily	Measurement Frequency	Sample Type
Flow			0.4 MGD		Continuous	Measured
Biochemical Oxygen Demand (5-Day)	100.1	200.2	30.0 mg/l	60.0 mg/l	1/Month	8 hour Composite
Total Suspended Solids	100.1	200.2	30.0 mg/l	60.0 mg/l	1/Month	8 hour Composite
Total Kjeldahl Nitrogen (TKN)	60.1	120.2	18.0 mg/l	36.0 mg/l	1/Month	8 hour Composite
Fecal Coliform			200 Counts per 100 ml	400 Counts per 100 ml	1/Month	Grab

The pH shall not be less than 6.0 standard units and not greater than 9.0 standard units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD_5 samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3 of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.2. LIMITS ON SPECIFIC BYPASSES

a. Outlet Numbers 002, 003 and 004 (listed below) have the potential to bypass raw and/or partially treated sewage directly into the receiving stream.

Outlet Number	Name and Location	Receiving Stream
002	Tiger Lane at wastewater treatment plant	Guyandotte River (Mile Point 68.0)
003	Lift Station at Crawley Creek Road and Water Street	Guyandotte River (Mile Point 68.0)
004	Lift Station at Eloise Street and Garnett Avenue	Fowler Branch (Mile Point 0.08) of the Guyandotte River

b. This documentation is for purpose of identification only. It is not to be interpreted as formal authorization to discharge from these outlets. Any discharge from these outlets shall be subject to the requirements of Section D.3 on Page 7 of 14 of this permit. Bypass reports will be reviewed and the intentional use or misuse of the overflow will be subject to remedial and/or enforcement action.

c. The documentation provided herein shall not constitute an affirmative defense in any enforcement action brought against the permittee for violations resultant to the discharges from this outlet.

B. SCHEDULE OF COMPLIANCE

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

   Effective date of permit.

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

C. MANAGEMENT CONDITIONS

1. Duty to Comply

(a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.

(b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit conditions.

5. Property Rights

This permit does not convey any property rights of any sort or any exclusive privilege.

6. Signatory Requirements

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Title 47, Series 10, Section 4.6 of the West Virginia Legislative Rules.

7. Transfers

This permit is not transferable to any person, except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.

8. Duty to Provide Information

The permittee shall furnish to the Chief, within a reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.

9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.

10. Inspection and Entry

The permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;
c) Inspect at reasonable times any facilities, equipment(including monitoring and control equipment), practices, or operations regulated or required under this permit; and
d) Samples or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.

11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22, Article 11, Section 12 of the Code of West Virginia.

12. Water Quality

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the State Water Resources Board.

13. Outlet Markers

A permanent marker at the establishment shall be posted in accordance with Title 47, Series 11, Section 9 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.

14. Liabilities

a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318, or 405 of the Clean Water Act is subject to a civil penalty not to exceed $10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than $2,500 nor more than $25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
d) Nothing in C.14.a),b) and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 22, Article 11.

D. OPERATION AND MAINTENANCE

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of the permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Regulations authorized under Chapter 16, Article 1, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3. Bypass

a) Definitions
   (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility: and
   (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c) and D.3.d) of this permit.

c) (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
   (2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in F.2.b) of this permit.

d) Prohibition of bypass
   (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless;
      (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
      (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
      (C) The permittee submitted notices as required under D.3.c) of this permit.
   (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3.d)(1) of this permit.

4. Upset

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
   (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
   (2) The permitted facility was at the time being properly operated;
   (3) The permittee submitted notice of the upset as required in F.2.b) of this permit.
   (4) The permittee complied with any remedial measures required under C.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

E. MONITORING AND REPORTING

1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

2. Reporting

a) Permittee shall submit each month, according to the enclosed format, a Discharge Monitoring Report(DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s).

b) The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief
Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Attention: Municipal Branch

c) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.

d) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E"(i.e., number exceeding).

e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g., 3/month is equivalent to 3 analyses performed every calendar month.) if continuous, enter "Cont.". The frequency listed on format is the minimum required.

3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136, unless other test procedures have been specified elsewhere in this permit.

4. Recording of Results

For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.

a) The date, exact place, and time of sampling or measurement;
b) The date(s) analyses were performed;
c) The individual(s) who performed the sampling or measurement;
d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;
e) The analytical techniques or methods used, and
f) The results of such analyses.

Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in E.6.

5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated.
Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three(3) years from the data of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

7. Definitions

a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.

b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.

c) "Maximum daily discharge limitation" means the highest allowable daily discharge.

d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval(for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.

e) "Grab Sample" is an individual sample collected in less than 15 minutes.

f) "i-s" =immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.

g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.

h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two(2) consecutive hours during a 24-hour day, or during the operating day if flows are of shorter duration.

i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.

j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.

k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.

l) "Noncontact cooling water" means the water that is contained in a leak-free system, i.e. no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

F. OTHER REPORTING

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee for any responsibilities, liabilities, or penalties established pursuant to Title 47, Series 11, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.
Attached is a copy of the West Virginia Spill Alert System for use in complying with Title 47, Series 11, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provided within five(5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

b) The following shall also be reported immediately:
   (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
   (2) Any upset which exceeds any effluent limitation in the permit; and
   (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.

c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.

d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Title 47, Series 11, Section 2.

3. Reporting Requirements

a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
   (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Title 47, Series 10, or
   (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. The notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.

b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.

c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
   (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, or any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels".
      (A) One hundred micrograms per liter (100 ug/l);
      (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol: and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
      (C) Five(5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Title 47, Series 10;
      (D) The level established by the Chief in accordance with Section 6.3.g. of Title 47, Series 10;
   (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels".
      (A) Five hundred micrograms per liter (500 ug/l);
      (B) One milligram per liter (1 mg/l) for antimony;
      (C) Ten(10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7. of Title 47, Series 10;
      (D) The level established by the Chief in accordance with Section 6.3.g. of Title 47, Series 10;
   (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Title 47, Series 10 and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
   (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Title 47, Series 10 and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2.a).

G. OTHER REQUIREMENTS

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.

2. The entire sewage treatment facility shall be adequately protected by fencing.

3. Continuous maintenance and operation of the listed sewage treatment facility shall be performed by or supervised by a certified operator possessing at least a class II certificate for Waste Water Treatment Plant Operators, issued by the State of West Virginia.

4. An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.

5. The arithmetic mean of values for effluent samples collected in a period of seven(7) consecutive days shall not exceed 45.0 mg/l for BOD_5 and TSS and 27.0 mg/l for TKN.

6. The arithmetic mean of the effluent values of the BOD_5 and TSS discharged during a period of 30 consecutive days shall not exceed 15 percent of the respective arithmetic mean of the influent values for these parameters during the same time period except as specifically authorized by the permitting authority.

7. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Chief of the Office of Water Resources as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.

8. If any existing non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Chief of such violation or suspected violation.

9. If any existing non-domestic discharge is identified as being subject to a Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Chief of such identification.

H. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS

1. The permittee shall monitor and report monthly on the enclosed Sewage Sludge Management Report form the quality and quantity of sewage sludge produced. The required report shall be received no later than 20 days following the end of the reporting period and be addressed to:

   Chief
   Office of Water Resources
   1201 Greenbrier Street
   Charleston, WV 25311-1088
   Attention: Program Management/
   Technical Support

2. The permittee shall provide copies of monthly reports to the county or regional solid waste authority in which the facility or land application site(s) is located.

3. The Sewage Sludge Monitoring Report form shall be submitted semiannually. The required report shall be received no later than 20 days following the end of the reporting period and shall be addressed to the following:

   Chief
   Office of Water Resources
   1201 Greenbrier Street
   Charleston, WV 25311-1088
   Attention: Program Management/
   Technical Support

   WVU Extension Specialist - Waste Management
   West Virginia University Extension Service
   1058 Agricultural Science Building
   Post Office Box 6108
   Morgantown, WV 26506-6108

4. The following method of sludge disposal shall be used for sewage sludge generated and/or processed at the permitted facility:

   Landfill Disposal: Sewage sludge may be disposed at a landfill by placing the sewage sludge in the landfill cell, provided that the landfill obtains approval from the Office of Waste Management to allow the acceptance of sewage sludge from the permittee, and provided that the landfill(s) is/are identified in the permit application. Prior approval by the Office of Water Resources is required to change landfill disposal site(s).

5. Areas used for processing, curing, and/or storage of sewage sludge shall be designed, constructed and operated to prevent release of contaminants to the groundwater and/or surface water.

6. All analyses performed on soils and sewage sludges shall be analyzed in accordance with analytical methods listed in 40 CFR Part 503.8 except that Nutrients may be analyzed in accordance with the most recently approved edition of Standard Methods.

H. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

7. Sewage sludge disposed in a landfill cell shall be a non-hazardous material as defined in 40 CFR Part 261.24 and a minimum of 20% solids. If the sewage sludge is not 20% solids, a bulking agent may be used to achieve 20% solids before the sewage sludge is weighed in at the landfill.

8. If sewage sludge is used for revegetation, or spread in any other manner at the landfill, the sewage sludge shall meet all of the land application requirements. These requirements include vector attraction and pathogen reduction methods, heavy metals limits, and abiding by an approved loading rate based on soil analyses.

9. The permittee shall maintain all records and reports of all monitoring required by Section H of this permit for five(5) years after the date of monitoring or reporting. Records should include all sample results; any landfill receipts; copies of all required reports; and records of all data used to complete these reports.

10. The following limitations and monitoring requirements shall apply to the sewage sludge or sewage sludge products:

Parameter	Maximum Allowable Limitations (mg/kg)	Monitoring Frequency	Sample Type[1]
Arsenic	Monitor	1/6 Months	One Week Comp.
Cadmium	Monitor	1/6 Months	One Week Comp.
Chromium	Monitor	1/6 Months	One Week Comp.
Copper	Monitor	1/6 Months	One Week Comp.
Lead	Monitor	1/6 Months	One Week Comp.
Mercury	Monitor	1/6 Months	One Week Comp.
Molybdenum	Monitor	1/6 Months	One Week Comp.
Nickel	Monitor	1/6 Months	One Week Comp.
Selenium	Monitor	1/6 Months	One Week Comp.
Zinc	Monitor	1/6 Months	One Week Comp.
pH	Monitor	1/6 Months	Grab
Percent Solids	Monitor	1/6 Months	One Week Comp.
Magnesium	Monitor	1/6 Months	One Week Comp.
Potassium	Monitor	1/6 Months	One Week Comp.
Phosphorus	Monitor	1/6 Months	One Week Comp.
Calcium	Monitor	1/6 Months	One Week Comp.
Organic Nitrogen	Monitor	1/6 Months	One week Comp.
Ammonia Nitrogen	Monitor	1/6 Months	One Week Comp.
Total Nitrogen	Monitor	1/6 Months	One Week Comp.

[1]The appropriate composite sampling procedures shall be based upon the particular sludge processing methods used by the permittee. The composite sampling procedures for the various methods are described as follows:

H. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

10. (Continued)

Belt Press or Vacuum Filter - During the week that the composite sample is obtained, the permittee shall take a minimum of 3 grab samples during each day of the week that the dewatering system is in operation. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected at a point immediately after the dewatering operation.

Liquid Sludge - During the week that the composite sample is obtained, the permittee shall take a representative grab sample from each truck load of sewage sludge hauled during that week. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected from the sewage sludge being pumped into the truck or as the sewage sludge is being discharged from the truck.

Sewage Sludge Drying Beds - During the week that the composite sample is obtained, the permittee shall take a minimum of 4 grab samples from each bed finished during that week. These grab samples are to be mixed together and the final sample obtained from the composite.

Composting or Stock Piles - The permittee shall obtain a minimum of 8 grab samples from the pile of finished product. These grab samples are to be mixed together and the final sample obtained from the composite.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. **WV0024678**, dated the **09th** day of **May**, 1995; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. **WV0024678**, dated the **09th** day of **May**, 1995, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Chapter 22, Article 11 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Article 11 of the Code of West Virginia and is transferable under the terms of Section 11 of said article.

By: Barbara S. Taylor
Chief

BST/bgl

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

FACILITY NAME Chapmanville, Town of
LOCATION OF FACILITY Chapmanville, Logan County
PERMIT NUMBER WV0024678 OUTLET NO. 001
WASTELOAD FOR MONTH OF 19

COMMERCIAL LABORATORY NAME
COMMERCIAL LABORATORY ADDRESS
INDIVIDUAL PERFORMING ANALYSES

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg.Monthly	Max.Daily	Units	N.E.	Minimum	Avg.Monthly	Max.Daily	Units	N.E.		
Flow,in Conduit or thru trmt plant 50050	Reported	*****	*******	*****	***								
	Permit Limitation	*****	*******	*****	***		N/A	0.4	N/A	MGD		Continuous	Measured
BOD, 5-Day (20 Deg. C) 00310	Reported				lbs/ day								
	Permit Limitation	N/A	100.1	200.2			N/A	30.0	60.0	mg/l		1/Month	8-Hour Composit
Solids, Total Suspended 00530	Reported				lbs/ day								
	Permit Limitation	N/A	100.1	200.2			N/A	30.0	60.0	mg/l		1/Month	8-Hour Composit
Nitrogen, Total Kjeldahl(TKN) 00625	Reported				lbs/ day								
	Permit Limitation	N/A	60.1	120.2			N/A	18.0	36.0	mg/l		1/Month	8-Hour Composit
pH 00400	Reported	*****	*******	*****	***								
	Permit Limitation	*****	*******	*****	***		6.0	N/A	9.0	Std. Units		1/Month	Grab
Coliform, Fecal General 74055	Reported	MF	--	MPN									
	Permit Limitation	Circle	Method	Used			N/A	200	400	count 100ml		1/Month	Grab
	Reported												
	Permit Limitation												

Name of Principal Executive Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Chapmanville, Town of
LOCATION OF FACILITY Chapmanville, Logan County
PERMIT NUMBER WV0024678
RESULTS FOR MONTH(S) OF _____ 19____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORY ADDRESS _____
INDIVIDUAL PERFORMING ANALYSES _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		*******	**********	*********	*****	****	Minimum	Average	Maximum	Units	N.E.		
Nickel 78469	Reported	*******	**********	*********	*****	****	*******			mg/kg		1/6 Months	1 Wk.Com
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor				
Selenium 49031	Reported	*******	**********	*********	*****	****	*******			mg/kg		1/6 Months	1 Wk.Com
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor				
Zinc 78467	Reported	*******	**********	*********	*****	****	*******			mg/kg		1/6 Months	1 Wk.Com
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor				
pH 00400	Reported	*******	**********	*********	*****	****		**********		Std. Units		1/6 Months	Grab
	Permit Limitation	*******	**********	*********	*****	****	Monitor	**********	Monitor				
Percent Solids 61553	Reported	*******	**********	*********	*****	****				Per-cent		1/6 Months	1 Wk.Com
	Permit Limitation	*******	**********	*********	*****	****	Monitor	Monitor	Monitor				
Magnesium 00924	Reported	*******	**********	*********	*****	****	*******			mg/kg		1/6 Months	1 Wk.Com
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor				
Potassium 78472	Reported	*******	**********	*********	*****	****	*******			mg/kg		1/6 Months	1 Wk.Com
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor				

Name of Principal Executive Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Executive Officer or Authorized Agent

REPORT RESULTS IN DRY WEIGHT BASIS ONLY

SEWAGE SLUDGE MANAGEMENT REPORT

FACILITY NAME Chapmanville, Town of

YEAR

PERMIT NUMBER WV0024678

ADDRESS Post Office Box 426

MONTH

MONITORING FREQUENCY 1/6 Months

CITY Chapmanville ZIP 25508

LAST SAMPLE DATE

RESULTS ATTACHED YES/NO

Description of Pathogen Reduction Method:

Description of Vector Attraction Reduction Method:

Total sludge generated this report period: (dry tons)

Disposal Method

Sludge Generated this year to date: (dry tons)

Name of Landfill

Amount of domestic septage received: (gallons)

Percent Solids

I certify under penalty of law that the management practices, vector attraction reduction requirements, and the pathogen reduction requirements of Federal regulations 40 CFR Part 503 and state sludge regulations Title 47 Series 38D have been met. This determination has been made under my direction and supervision in accordance with the system designed to ensure that qualified personnel properly gather and evaluate the information used to determine that these requirements have been met.

I also certify that this document and all the attachments were prepared under my direction or supervision, and that this information is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for false certification including the possibility of fine and imprisonment.

OFFICIAL

TITLE

SIGNATURE

DATE

WRD 2A-82

STATE OF WEST VIRGINIA

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Chapmanville, Town of

LOCATION OF FACILITY Chapmanville, Logan County

PERMIT NUMBER WV0024678

RESULTS FOR MONTH(S) OF _____ 19____

COMMERCIAL LABORATORY NAME _____

COMMERCIAL LABORATORY ADDRESS _____

INDIVIDUAL PERFORMING ANALYSES _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		*******	**********	*********	*****	****	Minimum	Average	Maximum	Units	N.E.		
Arsenic 61521	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Cadmium 78476	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Chromium 78473	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Copper 78475	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Lead 78468	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Mercury 78471	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Molybdenum 78465	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com

Name of Principal Executive Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Executive Officer or Authorized Agent

REPORT RESULTS IN DRY WEIGHT BASIS ONLY

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Chapmanville, Town of
LOCATION OF FACILITY Chapmanville, Logan County
PERMIT NUMBER WV0024678
RESULTS FOR MONTH(S) OF _____ 19____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORY ADDRESS _____
INDIVIDUAL PERFORMING ANALYSES _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		*******	**********	*********	*****	****	Minimum	Average	Maximum	Units	N.E.		
Phosphorus 78478	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Calcium 00917	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Organic Nitrogen 00000	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Ammonia Nitrogen 82294	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
Total Nitrogen 78470	Reported	*******	**********	*********	*****	****	*******						
	Permit Limitation	*******	**********	*********	*****	****	*******	N/A	Monitor	mg/kg		1/6 Months	1 Wk.Com
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												

Name of Principal Executive Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Executive Officer or Authorized Agent

REPORT RESULTS IN DRY WEIGHT BASIS ONLY

DIVISION OF ENVIRONMENTAL PROTECTION

GASTON CAPERTON
GOVERNOR

1201 Greenbrier Street
Charleston, WV 25311-1088

LAIDLEY ELI MCCOY, Ph.D.
DIRECTOR

NOTICE TO PERMITTEES

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a (Now, Chapter 22, Article 11, Section 10). This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon regulations promulgated by the Director of the Division of Natural Resources. The Director promulgated regulations to this effect and the current regulations have an effective date of July 1, 1993. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the regulations. The reference is Title 47, Legislative Rules of Department of Natural Resources, Series 26 Water Pollution Control Permit Fee Schedule.

Based upon the volume of discharge for which your facility is currently permitted or operating at, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is **$250.00**. This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. You will be invoiced by this agency at the appropriate time for the fee. Failure to submit the annual fee within one hundred and eighty(180) days of the due date will render your permit void.

RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by to the Environmental Quality Board by filing a NOTICE OF APPEAL on the form prescribed by the Board for this purpose, with the Board, in accordance with the provisions of Chapter 22, Article 11, Section 21 of the Code of West Virginia within thirty(30) days after the date of receipt of the above permit.

EMERGENCY RESPONSE SPILL ALERT SYSTEM
WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

REQUIREMENTS:

Title 47, Series 11, Section 2 of the West Virginia Legislative Rules, Environmental Protection, Water Resources - Waste Management, Effective July 1, 1994.

RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Office of Water Resources' Emergency Notification Number, 1-800-642-3074. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Office of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

(1) Potential toxicity in water to man, animals and aquatic life;
(2) Details on analytical procedures for the quantitative estimation of such substances in water and
(3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has gotten into a stream.

Failure to furnish such information as required by Section 14, Article 11, Chapter 22, Code of West Virginia may be punishable under Section 24, Article 11, Chapter 22, and/or Section 22, Article 11, Chapter 22, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND OTHERS:

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person(s) should make the report.

WHO TO CONTACT:

Notify the following number: 1-800-642-3074.

INFORMATION NEEDED:

- Source of spill or discharge
- Location of incident
- Time of incident
- Material spilled or discharged
- Amount spilled or discharged
- Toxicity of material spilled or discharged
- Personnel at the scene
- Actions initiated
- Shipper/Manufacturer identification
- Railcar/Truck identification number
- Container type

HANNA & BONHAM
ATTORNEYS AT LAW

H. WYATT HANNA, III
LARRY M. BONHAM

512 D STREET
P. O. BOX 8070
SOUTH CHARLESTON, WV 25303
(304) 744-3150 * FAX (304) 744-3157

June 25, 1999

Ms. Sandra Squire, Esquire
Executive Secretary
Public Service Commission of WV
201 Brooks Street
Charleston, WV 25301

RE: CASE NO. 99-0593-S-CN
CHAPMANVILLE MUNICIPAL SEWER DEPARTMENT

Dear Ms. Squire:

Enclosed please find for filing with regard to the above referenced proceeding are two (2) checks from the State of West Virginia which constitute the Grant in the amount of $300,000.00 from the Governor's Contingency Fund. This money will be used by the Town of Chapmanville to partially fund the sewer expansion which is the subject of the Certificate filing.

If you should have any questions, please do not hesitate to contact my office.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

Enclosures

cc: Town of Chapmanville
Cassius H. Toon, Esquire
Paul Ghosh
Randy Lengyel
McNeal Williamson & Co.

AGENCY: GOVERNORS OFFICE

WARRANT #: 8-8911902
DATE: 12/03/97

[redacted] $100,000.00

ID	NUMBER	PAYEE REFERENCE	INVOICE DATE	PURCHASE ORDER	AMOUNT
I002996867	FLOOD GRANT				$100,000.00

If you have questions concerning the above, please call 304-558-3936.

REMOVE DOCUMENT ALONG THIS PERFORATION

CIL#7795604

VOID UNLESS PRESENTED FOR PAYMENT WITHIN SIX MONTHS

State of West Virginia

STATE CAPITOL CHARLESTON

WARRANT # 8-8911902

DECEMBER 03, 1997

PAY TO THE ORDER OF TOWN OF CHAPMANVILLE

**********$100,000.00**

8-8911902

John D Perdue
STATE TREASURER

Glen B Gainer III
AUDITOR

WEST VIRGINIA TREASURY

⑈8891190 2⑈ ⑆051902322⑆ 99931O⑈6⑈

TRANSACTION ID	INVOICE NUMBER	PAYEE REFERENCE	INVOICE DATE	PURCHASE ORDER	AMOUNT
I002996845	FLOOD GRANT				$200,000.00

If you have questions concerning the above, please call 304-558-3936.

REMOVE DOCUMENT ALONG THIS PERFORATION

CTL#7795603

THIS CHECK HAS MULTIPLE SECURITY FEATURES TO DETER FRAUD AND COUNTERFEITING
VOID UNLESS PRESENTED FOR PAYMENT WITHIN SIX MONTHS

State of West Virginia

STATE CAPITOL, CHARLESTON

WARRANT # 8-8911901

DECEMBER 03, 1997

PAY TO THE ORDER OF TOWN OF CHAPMANVILLE

**********$200,000.00**

8-8911901

John D Perdue
STATE TREASURER

Glen B Gainer III
AUDITOR

WEST VIRGINIA TREASURY

⑈8891190⑈ ⑆051902322⑆ 999340⑈61⑈

JACKSON & KELLY PLLC
ATTORNEYS AT LAW
6000 HAMPTON CENTER
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507

TELEPHONE 304-599-3000 TELECOPIER 304-285-2040

http://www.jacksonkelly.com

1600 LAIDLEY TOWER
CHARLESTON, WEST VIRGINIA 25322
TELEPHONE 304-340-1000

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25402
TELEPHONE 304-263-8800

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

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

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

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS.

August 24, 1999

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

3.1

West Virginia Division of Environmental Protection
Division of Water Resources
617 Broad Street
Charleston, WV 25301

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

Re: Town of Chapmanville
Waterworks and Sewerage System Revenue Bonds,
Series 1999 A (West Virginia Clean Water SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Chapmanville (the "Issuer"), a municipal corporation, in connection with the issuance of its Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia Clean Water SRF Program), dated the date hereof (the "Bonds").

We have examined a certified copy of the proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds, dated July 16, 1999 (the "Loan Agreement"), including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority"), and (ii) the Bonds to be purchased by the

Authority in accordance with the provisions of the Loan Agreement. The Bonds are in the principal amount of $140,000 and issued in the form of one bond, registered as to principal only to the Authority, with the principal payable March 1, June 1, September 1 and December 1 of each year, beginning September 1, 2000. The Bonds bear no interest and are subject to the SRF Administrative Fee as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly passed by the Issuer on July 29, 1999, effective August 12, 1999, as supplemented by the Supplemental Resolution duly adopted by the Issuer on August 12, 1999 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance 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, under existing law, as follows:

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

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

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

4. The Issuer legally and effectively enacted the Ordinance and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer enforceable in accordance with the terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid and legally enforceable special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Ordinance and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, and Waterworks and Sewerage System Revenue Bonds, Series 1992, and senior and prior to the Issuer's Supplemental Subordinate Waterworks and Sewerage System Revenue Bonds, Series 1986, all in accordance with the terms of the Bonds and the Ordinance.

6. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Bonds, as provided in the Act pursuant to the Ordinance.

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

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

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

Very truly yours,

Jackson & Kelly PLLC

08/20/99
003791/00301

M0301347.1

Bernard L. Spaulding
Attorney at Law
Sears Building - Main Street
P. O. Box 957
Logan, West Virginia 25601

(304) 752-4950
Fax No. (304) 752-2207
August 24, 1999

Town of Chapmanville
Post Office Box 426
Chapmanville, West Virginia 25508

West Virginia Division of Environmental Protection
Division of Water Resources
617 Broad Street
Charleston, West Virginia 25301

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

Jackson & Kelly PLLC
Post Office Box 553
Charleston, West Virginia 25322

Re: Town of Chapmanville
Waterworks and Sewerage System Revenue Bonds
Series 1999 A (West Virginia Clean Water SRF Program)

Ladies and Gentlemen:

I am counsel to the Town of Chapmanville, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson & Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement for the Bonds, dated July 16, 1999, (the "Loan Agreement"), including all schedules and exhibits attached thereto, by and among the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection (the "DEP") and the Issuer, a Bond Ordinance duly passed by the Issuer on July 29, 1999, effective August 12, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 12, 1999, (collectively, the "Ordinance"), and other documents relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and the Loan Agreement.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West

Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The members and officers of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Ordinance has been duly appointed and enacted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Ordinance, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on August 23, 1999, in Case No. 99--593-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has not expired prior to the date hereof. However, the parties to such Final Order have stated that they do not intend to appeal such Final Order.

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 board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Ordinance, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely yours,

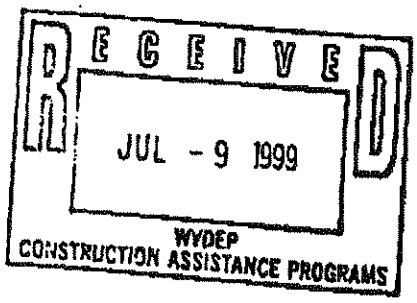
Bernard L. Spaulding

BLS:as

Bernard L. Spaulding
Attorney at Law
Sears Building - Main Street
P.O. Box 957
Logan, West Virginia 25601

(304) 752-4950
Fax No. (304) 752-2207

July 7, 1999



Lester Cline
WV Department of Environmental Protection
Office of Water Resources
617 Broad Street
Charleston, West Virginia 25301-1215

Re: Town of Chapmanville
Shelton Smith sewer project

Dear Mr. Cline:

This letter is to certify that all rights-of-way and easements necessary for the above mentioned project have been attained or will be obtained in the immediate future. More specifically, all of the rights-of-way and easements have been executed except for one needed from a husband and wife. This one has been sent to them and should be executed this week. If for any reason it is not executed, the Town will be able to obtain a right of entry through a condemnation proceeding without delay, but it is my opinion that the agreement sent to these people will be received this week.

Please consider this letter as my certification as the attorney for the Town of Chapmanville for all necessary purposes. If you need any other information regarding this, please feel free to give me a call.

Sincerely yours,

Bernard L. Spaulding

BLS:as

cc: Joy Vance, Mayor