TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

Closing Date: April 11, 2001

TRANSCRIPT OF PROCEEDINGS

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The closing of the sale of the Town of Harrisville Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Bonds") will take place at the office of the West Virginia Water Development Authority in Charleston, West Virginia, at 10:00 a.m., prevailing time on _April 11, 2001. 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.

03/08/01
004812/00304

State of West Virginia

Certificate

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13 OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13 OF THE 2000 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

March 27, 2001

1A

Secretary of State

By Jan Costa, Deputy Secretary of State

sanitary district, said county court shall enter an appropriate order as hereinbefore provided, and such additional territory shall thenceforth be deemed an integral part of such sanitary district. (1933, Ex. Sess., c. 24, § 13.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-12-14. Disconnection of territory from sanitary district.

Any contiguous territory located within the boundaries of any sanitary district organized under this article, and upon the border of such sanitary district, may become disconnected from such sanitary district in the manner following, to wit: Ten percent or more of the legal voters resident in the territory sought to be disconnected from such sanitary district may petition the county court [county commission] of the county in which the original petition for the organization of said sanitary district was filed, to cause the question of such disconnection to be submitted to the legal voters of such territory whether such territory shall be disconnected. Said petition shall be addressed to the county court of the county in which the original petition for the formation of such sanitary district was filed and shall contain a definite description of the boundaries of such territory to be disconnected and recite as a fact, that there is no bonded indebtedness of such sanitary district incurred while such territory to be disconnected was a part of such sanitary district and that such territory to be disconnected is not, at the time of the filing of such petition, and will not be, either benefited or served by any work or improvement either then existing or then authorized by said sanitary district. Upon filing such petition in the office of the county clerk of the county in which the original petition for the formation of such sanitary district has been filed it shall be the duty of the county court of the county in which the original petition for the formation of such sanitary district was filed, to consider the boundaries of such territory and the facts upon which the petition is founded, and shall consider the limits and boundaries of such proposed territory, in the same manner as provided for locating, fixing and deciding of the limits and boundaries of the original sanitary district, as provided in section one [§ 16-12-1] of this article. If any part of the territory proposed to be disconnected is situated in another county or counties other than that county in which the original petition was filed, then it shall be the duty of the said county court of the county in which the original petition was filed to call to its assistance the county courts of counties in which portions of such territory proposed to be disconnected is situated; such county courts shall constitute themselves a board of commissioners, and after electing a presiding officer from among themselves, shall consider the boundaries of such territory and the facts upon which the petition is founded, and shall consider the limits and boundaries of such proposed territory to be disconnected, in the same manner as provided for locating, fixing and deciding of the limits and boundaries of the original sanitary district, as provided in section one of this article: Provided, however, That it shall be the duty of the county

court or the board of commissioners to deny the prayer of the petition for the disconnecting of any territory from the original sanitary district, if the material allegations therein contained are not founded in fact.

Notice shall be given by the county court of the time and place, when and where all persons interested will be heard substantially as provided in section one [§ 16-12-1] of this article. The conduct of the hearing and the manner of conducting the subsequent election on the question whether such territory shall become disconnected and the issuance, reception, return and canvassing of the ballots shall be, as nearly as possible, in accordance with the provisions of section one of this article. The ballots for the election provided for in this section shall be substantially as follows, to wit:

☐ For disconnection from sanitary district.

☐ Against disconnection from sanitary district.

If a majority of the votes cast at such election shall be in favor of disconnection, and if the trustees of such sanitary district shall, by ordinance, disconnect such territory, thereupon the county court of the county in which the original petition for the formation of such sanitary district was filed, shall enter an appropriate order in the records of the said county court and thereafter such territory shall henceforth be deemed disconnected from such sanitary district. (1933, Ex. Sess., c. 24, § 14.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

Sec.
16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.
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16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.
16-13-24. Article to be construed liberally.

Editor's notes. — Acts 1989, 1st Ex. Sess., c. 3, redesignated the board of health and the department of health as the division of health, within the department of health and human resources. See also, Acts 1997, c. 225.

Constitutionality. — See Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); Stevenson v. City of Bluefield, 39 F. Supp. 462 (S.D.W. Va. 1941); West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Obligations incurred by a city under the authority of this article permitting the issuance of revenue bonds for the construction of sewers are not to be deemed "debts" within the constitutional inhibition. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

In general. — The effect of the provisions of this article is to authorize and empower a municipal corporation in this State to own, construct, equip, operate and maintain sewer systems, to place the construction, operation and management of such systems under the supervision and control of a sanitary board appointed by the governing body, to authorize such board to operate, manage and control them and to order and complete any extensions or betterments that the board may deem expedient. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Conflict of laws. — There is no conflict between this article, authorizing a city to incur expenses which are to be payable solely from the proceeds of revenue bonds, and the general statutory limitations on the expenditure of money and incurring of obligations with respect to funds produced by tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

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.

Limitations. — Where a city made an agreement with the federal works administrator under the War Mobilization and Reconversion Act of 1944 with regard to advances of money to the city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, the limitation imposed by this article would be read into the agreement, since the parties are presumed to know the extent of the city's authority to make a binding contract. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Nonresidents. — Municipality may not compel nonresidents to connect with a municipal sewer extended without its corporate limits. 48 Op. Att'y Gen. 19 (1958).

Ordinance held valid. — An ordinance of a municipal corporation, creating a sanitary board and authorizing such sanitary board to enter into contracts for the construction of a sewage system, was within the police power of the State delegated to municipalities by this chapter. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b [§ 8-20-1b], article twenty, chapter eight of this code, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within the area extending twenty miles beyond the corporate limits of such municipality: Provided, That such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided under the authority of this article. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132; 1986, c. 118.)

Use of territory in adjoining state authorized. — By this section and § 16-13-22 the legislature intended, insofar as it could, to confer upon such municipalities as might find its exercise convenient, the right to make necessary and appropriate arrangements for the disposal of their sewage, even where that course involved the use of territory in an adjoining state. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943); Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

§ 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.

The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby, shall be under the supervision and control of a sanitary board appointed by the governing body as set forth in section eighteen [§ 16-13-18] of this article. The term "works" as used in this article shall be construed to mean and include a works for the collection and/or treatment, purification and

disposal of sewage, in its entirety or any integral part thereof. The term "municipality" as used in this article shall be construed to mean any municipal corporation, incorporated city, town, village or sanitary district in the State of West Virginia. The term "governing body" as used in this article shall be construed to mean the mayor and council or other legally constituted governing body of any municipality. The term "board" when hereinafter used in this article shall be construed to mean the sanitary board as set up in section eighteen of this article. (1933, Ex. Sess., c. 25, § 2.)

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957); Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

§ 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.

The board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this article: Provided, That any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as hereinafter provided for, shall be approved by the governing body of such municipality before the same shall be effective. The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board shall direct. All such compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of five thousand dollars, shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the board to reject any or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may deem expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient for the successful operation thereof. The sanitary board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for such expenses. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article. (1933, Ex. Sess., c. 25, § 3; 1989, c. 133.)

Immunity. — A contractor under contract with the sanitary board of a municipality for construction of a sewage treatment and disposal system is not entitled to the governmental immunities of the municipality incident to the construction project. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Third party. — Where a contract between a municipal sanitary board and a contractor, providing for the construction of a sanitary sewage system, provides inter alia that "existing surface, overhead or subsurface structures damaged or destroyed by reason of the contractor's operations shall be promptly repaired or replaced in a satisfactory manner at the cost and expense of the contractor," and the contractor by job order requests enters into a contract with an existing water company to remove certain of the latter's water pipes which interfere with the construction of the sewage system, the contractor, in a notice of motion for judgment proceeding instituted by the water company, is liable for the expense so incurred. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-4. Payment of preliminary expenses of surveys, etc.

All necessary preliminary expenses actually incurred by the board of any municipality in the making of surveys, estimates of costs and of revenue, employment of engineers or other employees, the giving of notices, taking of options and all other expenses of whatsoever nature, necessary to be paid prior to the issue and delivery of the revenue bonds pursuant to the provisions of this article, may be met and paid in the following manner. Said board may from time to time certify such items of expense to the clerk or recorder of said municipality, directing him to pay the several amounts thereof, and thereupon said clerk or recorder shall at once draw a warrant or warrants upon the treasurer of said municipality, which warrant or warrants shall be paid out of the general funds of said municipality not otherwise appropriated, without a special appropriation being made therefor by the governing body; or, in case there are no general funds of such municipality not otherwise appropriated, the clerk or recorder shall recommend to the governing body the temporary transfer from other funds of such municipality of a sufficient amount to meet such items of expense, or the making of a temporary loan for such purpose, and such governing body shall thereupon at once make such transfer of funds, or authorize such temporary loan in the same manner that other temporary loans are made by such municipality: Provided, however, That the fund or funds of such municipality from which such payments are made shall be fully reimbursed and repaid by said board out of the first proceeds of the sale of revenue bonds hereinafter provided for, and before any other disbursements are made therefrom, and the amount so advanced to pay such preliminary expenses, shall be a first charge against the proceeds resulting from the sale of such revenue bonds until the same has been repaid as herein provided. (1933, Ex. Sess., c. 25, § 4.)

Advances. — Money used in preliminary engineering work prior to actually beginning construction of a sewage disposal system need not be handled by the sanitary board in accordance with the provisions of §§ 16-13-1, 16-13-18 and this section. The sanitary board is an agency of the city. This article merely requires that the construction and maintenance of the project be under the supervision and control of the sanitary board. A method is provided whereby the sanitary board may meet its own necessary preliminary expenses; but the city, in the early stages of the project, during that period in which the city has not even decided to go ahead with the work, and when there is no sanitary board in existence, is not prevented by any provision in the article from obtaining advances for plan preparation by any procedure which it may see fit to adopt. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

The United States was held entitled to recover from a city the amount of three advances of money made to the city by the federal works agency for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, and the city sanitary board was ordered to issue a requisition to the trustees, into whose hands proceeds of future bond issues came, to repay such advances out of any funds in its hands comprising proceeds of revenue bond issues. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Repayment. — A municipality is authorized to incur obligations for the purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from the proceeds of revenue bonds, and not in any way from tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-5. Ordinance necessary before acquisition or construction of works.

Before any municipality shall construct or acquire any works under this article, the governing body shall upon petition of the board, enact an ordinance or ordinances which shall: (a) Set forth a brief and general description of the works and, if the same are to be constructed, a reference to the preliminary report which shall heretofore have been prepared and filed by an engineer chosen by the board as aforesaid; (b) set forth the cost thereof estimated by the engineer chosen as aforesaid; (c) order the construction or acquisition of such works; (d) direct that revenue bonds of the municipality shall be issued pursuant to this article in such an amount as may be found necessary to pay the cost of the works; and (e) contain such other provisions as may be necessary in the premises. (1933, Ex. Sess., c. 25, § 5.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-6. Publication and hearing upon ordinance.

After such ordinance shall have 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 the municipality. The notice shall state that said ordinance has been adopted, and that the municipality contemplates the issuance of the bonds described in the ordinance, and 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 first date of publication of such abstract and notice which shall not be prior to the last

date of publication of such abstract and notice, and present protests. At such hearing all objections and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, however, That if at such a hearing written protest is filed by thirty percent or more of the owners of real estate situate in said municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of the said governing body assent thereto. (1933, Ex. Sess., c. 25, § 6; 1967, c. 105; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-7. Acquisition by condemnation or purchase.

Every such municipality shall have power to condemn any such works to be acquired and any land, rights, easements, franchises and other property, real or personal, deemed necessary or convenient for the construction of any such works, or for extensions, improvements, or additions thereto, and in connection therewith may have and exercise all the rights, powers and privileges of eminent domain granted to municipal corporations under the laws relating thereto. Title to property condemned shall be taken in the name of the municipality. Proceedings for such appropriation of property shall be under and pursuant to the provisions of chapter fifty-four [§ 54-1-1 et seq.], of the Code of West Virginia, one thousand nine hundred thirty-one, and acts amendatory and supplemental thereto: Provided, That the municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from the funds provided pursuant to this article; and in any proceedings to condemn, such orders may be made as may be just to the municipality and to the owners of the property to be condemned, and an undertaking or other security may be required securing such owners against any loss or damage to be sustained by reason of the failure of the municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon the municipality except such as may be paid from the funds provided under the authority of this article. In event of the acquisition by purchase the board may obtain and exercise an option from the owner or owners of said property for the purchase thereof, or may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper. In event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of the ordinance described in section five [§ 16-13-5] hereof, shall cause to be determined what repairs, replacements, additions, and betterments will be necessary in order that such works may be effective for their purpose, and an estimate of the cost of such improvements shall be included in the estimate of the cost required by section five hereof, and such improvement shall be made upon the acquisition of the works and as a part of the cost thereof. (1933, Ex. Sess., c. 25, § 7.)

§ 16-13-8. Cost of works.

The cost of the works shall be deemed to include the cost of acquisition or construction thereof, the cost of all property, rights, easements, and franchises

deemed necessary or convenient therefor and for the improvements determined upon as provided in this article; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvement last mentioned; engineering and legal expenses; expense for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized and the construction or acquisition of the works and the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof. (1933, Ex. Sess., c. 25, § 8.)

Advances. -- Advances from the United States to a city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system represent a part of the cost of the works which should have been repaid out of the first proceeds received from the sale of the first issue of revenue bonds. Such repayment would not in any way increase the cost of the works; it was the very first item of expense incurred in connection with the works. Under the agreement between the city and the United States, it was a liability from the moment construction of the sewage treatment and disposal plant was begun. No disadvantage would result to bondholders as a result of the payment of this just debt out of the proceeds of a future revenue bond issue. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Preliminary expenses. -- It is foreseen, as shown in this section, that a city may probably incur expenses in "determining the feasibility or practicability of the enterprise." Such determination would of course be made prior to the issuance of any revenue bonds, and probably before the creation of a sanitary board. It might often result in a rejection of the project altogether, in which event no revenue bonds would be issued, and any obligation incurred by the city might prove to be uncollectible. On the other hand, if the project be undertaken by the city, whatever loans may have been made on the faith of the revenue bonds would or should be included in the cost of the works and repaid out of the proceeds of the bonds. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.

Nothing in this article contained shall be so construed as to authorize or permit any municipality to make any contract or to incur any obligation of any kind or nature except such as shall be payable solely from the funds provided under this article. Funds for the payment of the entire cost of the works, exclusive of any portions of the cost that may be defrayed out of any grant or contribution, shall be provided by the issuance of revenue bonds of the municipality, the principal and interest of which shall be payable solely from the fund herein provided for such payment, and said bonds shall not, in any respect, be a corporate indebtedness of such municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of such bonds shall be determined by ordinance or ordinances of the municipality. (1933, Ex. Sess., c. 25, § 9; 1949, c. 93.)

Cross references. -- See notes to § 16-13-8.

Applicability. -- The provisions of this article become a part of the contract between the municipality and the bondholders as effectually as if written verbatim in the bonds. The bondholders are bound by their contract in this instance just as firmly as in any other legal contract. Consequently, the bonds do not create a corporate indebtedness of the municipality. Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Contracts between municipalities. -- Under the provisions of §§ 16-13-19 and 16-13-23a, a city and a town could enter into a contract whereby the city agreed to construct a sewage disposal facility and the town agreed to contribute to the cost of the construction of the facility in return for the right to use the facility, and the fact that the town was unable to sell revenue bonds because it was not allowed to have part ownership in the treatment plant or interceptor sewers did not relieve the town of its contractual obligation when the city offered to buy the revenue bonds issued by the town. Since the contracts were authorized by statute and were thus not ultra vires, even if the contracts were not formally approved by ordinance, the municipalities were estopped from asserting any invalidity of the contracts on such ground. City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable at such times, and shall mature at such time or times as may be determined by ordinance. Such bonds may be made redeemable before maturity at the option of the municipality, to be exercised by said board, at not more than the par value thereof and a premium of five percent, under such terms and conditions as may be fixed by the ordinance authorizing the issuance of the bonds. The principal and interest of the bonds may be made payable in any lawful medium. Said ordinance shall determine the form of the bonds, either coupon or registered, shall set forth any registration and conversion privileges, and shall fix the denomination or denominations of such bonds and the place or places of payment of the principal and interest thereof, which may be at any bank or trust company within or without the State. The bonds shall contain a statement on their face that the municipality shall not be obligated to pay the same or the interest thereon except from the special fund provided from the net revenues of the works. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State. Said bonds shall be exempt from all taxation, state, county and municipal. Such bonds shall be executed by the proper legally constituted authorities of the municipality, and be sealed with the corporate seal of the municipality, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers, before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Such bonds shall be sold at a price not lower than a price, which when computed upon standard tables of bond values, will show a net return of not more than thirteen per centum per annum to the purchaser upon the amount paid therefor, and the proceeds derived therefrom shall be used exclusively for the purposes for which said bonds are issued and same may be sold at one time or in parcels as funds are needed. Any surplus

of bond proceeds over and above the cost of the works shall be paid into the sinking fund hereinafter provided. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the works, additional bonds may in like manner be issued to provide the amount of such deficit and, unless otherwise provided in said ordinance authorizing the issuance of the bonds first issued or in the trust indenture hereinafter authorized, shall be deemed to be of the same issue and shall be entitled to payment without preference or priority of the bonds first issued. Prior to the preparation of the definitive bonds, temporary bonds may under like restrictions be issued with or without coupons, exchangeable for definitive bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 10; 1970, c. 11; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-11. Additional bonds to extend or improve works.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other definite bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 11.)

§ 16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time, under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other bond by reason of priority of issuance or otherwise. (1933, Ex. Sess., c. 25, § 12.)

§ 16-13-13. Application of revenue from bonds; lien.

All moneys received from any bonds issued pursuant to this article, after reimbursements and repayment to said municipality of all amounts advanced for preliminary expenses as provided in section four [§ 16-13-4] of this article, shall be applied solely to the payment of the cost of the work, extensions, improvements or betterments, 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 holders of the bonds or the trustees hereinafter provided for. (1933, Ex. Sess., c. 25, § 13.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-14. Securing bonds by trust indenture.

In the discretion of the governing body such bonds may be secured by a trust indenture by and between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the State of West Virginia but no such trust indenture shall convey or mortgage the works or any part thereof. The ordinance authorizing the revenue bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality and the board in relation to the construction or acquisition of the works and the improvement, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the works shall be contracted for, constructed and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, successors, assigns or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, successors, assigns or nominees. Such indenture may set forth the rights and remedies of the bondholders and/or such trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. Except as in this article otherwise provided, the governing body may provide by ordinance or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository as it may determine for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. (1933, Ex. Sess., c. 25, § 14.)

§ 16-13-15. Sinking fund; transfer of balance of net revenues.

At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the West Virginia municipal bond commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of operation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by

ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the West Virginia municipal bond commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into such fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the works. The amounts of the balance of the net revenue as and when so set apart 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 with the ordinance pursuant to which such bonds have been issued. The West Virginia municipal bond commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. Notwithstanding the foregoing, payments of principal and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the governing body directly thereto. (1933, Ex. Sess., c. 25, § 15; 1933, 2nd Ex. Sess., c. 48; 1986, c. 118.)

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

The governing body shall have power, and it shall be its duty, by ordinance, to establish and maintain just and equitable rates or charges for the use of and the service rendered by such works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses such works by or through any part of the sewerage system of the municipality, or that in any way uses or is served by such works, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements and maintenance of the works and for the payment of the

sums herein required to be paid into the sinking fund. Revenues collected pursuant to this section shall be deemed the revenues of the works. No such rates or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication as a Class II-0 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 the municipality. The first publication shall be made at least ten days before the date fixed in such notice for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing rates or charges, either as originally introduced or as modified and amended, shall be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments. All such rates or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: Provided, however, That where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof. Whenever any rates, rentals or charges for services or facilities furnished shall remain unpaid for a period of thirty days after 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 board collecting such charges shall be obligated under reasonable rules and regulations, to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities, or both, and shall not restore either water facilities or sewer facilities to any delinquent user of either until all delinquent charges for both water facilities and sewer facilities, including reasonable

interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105.)

Rules of Civil Procedure. — As to abolition of procedural distinctions between law and equity, see R.C.P. 2.

Applicability. — Although the public service commission concluded that cities providing only sewer service are not covered by this section, which applies to municipalities that provide both water and sewer service, the district court implicitly rejected the commission's interpretation. City of Charleston v. Public Serv. Comm'n, 57 F.3d 385 (4th Cir. 1995), cert. denied, — U.S. —, 116 S. Ct. 474, 133 L. Ed. 2d 404 (1995).

Discrimination not shown. — Charges made against the users of a city sewage system were based upon the amount of water used upon the premises as indicating the extent to which the sewers were used. The charges were subject to a deduction of the amount of water retained on the premises, such amount to be determined by a meter installed by the consumer and used to record gallonage of water that had come on the property but had not been disposed of through the sewers. It was held that the method under which the charges were assessed was neither capricious nor unfair although certain users had been unable to install meters used to measure their deductions. Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Jurisdiction. — The fact that this section speaks of the enforcement of the lien in a "civil action" should not be construed as placing that jurisdiction in our courts of law simply because the word "action," strictly applied, does not usually refer to chancery practice. City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943).

Municipal sewer system is subject to jurisdiction of public service commission, so municipality is required to file its rates with the commission for approval in accordance with § 24-2-1 et seq. 45 Op. Att'y Gen. 642 (1954).

Applied in Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

§ 16-13-17. Municipality subject to established rates.

The municipality shall be subject to the same charges and rates established as hereinbefore provided, or to charges and rates established in harmony therewith, for service rendered the municipality, and shall pay such rates or charges when due from corporate funds and the same shall be deemed to be a part of the revenues of the works as herein defined, and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 17.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.

The governing body shall provide by ordinance the organization of the board, and that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided. Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body: Provided, That, in the event of an acquisition or merger of an existing sewage works, the governing body may increase the membership to a maximum of four members in addition to the mayor or city manager of the

municipality served by the board. During the construction period one of the members must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137; 1992, c. 95.)

In general. — The effect of the provisions of this article is to authorize and empower a municipal corporation in this State to own, construct, equip, operate and maintain sewer systems, to place the construction, operation and management of such systems under the supervision and control of a sanitary board appointed by the governing body, to authorize such board to operate, manage and control them and to order and complete any extensions or betterments that the board may deem expedient. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Construction. — There is no repugnancy between the provisions of this article and §§ 24-1-1, 24-2-1 or 24-3-1, and for these reasons, the provisions of this article do not operate to repeal any of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Adjoining state. — Since the incorporation of its sanitary board and its domestication in the state of Virginia was the only plan by which the power intended to be granted by the legislature to a city to construct a sewage disposal plant outside the State of West Virginia could be legally effectuated, the power to so incorporate its sanitary board was a necessary and incidental right to the main power granted. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Board membership. — When a municipal corporation has a city manager form of government, the municipality's governing board has the option of appointing either its mayor or its city manager (but not both) to the municipal sanitary board. 52 Op. Att'y Gen. 217 (1967).

City treasurer. — As to scope of duties and responsibilities of city treasurer as they relate to possession of funds of a sanitary board, see 52 Op. Att'y Gen. 497 (1967).

Consulting engineer. — Member of city council may not serve as consulting engineer to the sanitary board on city sewer project. 49 Op. Att'y Gen. 60 (1961).

Extension of service. — A public utility is under a duty to make reasonable extensions of its services in accordance with its franchise and

charter obligations and the needs of the inhabitants within the territory covered by its franchise, and a public service commission may, where its action is not unlawful, arbitrary, or capricious, order an extension of service for the inhabitants of such territory. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Legislative intent. — The provisions of this article do not revise the subject matter of §§ 24-1-1, 24-2-1 or 24-3-1, and they were not intended as a substitute for any of the provisions of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

In conferring such power and authority upon a municipality by this article, the legislature did not create, or intend to create, any repugnancy or inconsistency between the provisions of this article and the pertinent provisions of chapter 24, or to repeal any of those provisions of that chapter. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Applied in Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-18a. Publication of financial statement.

Every sanitary board shall prepare a financial statement and cause the same to be published as a Class I 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 the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the board as soon as practicable after the close of the fiscal year: Provided, That such statement for the fiscal year ending June thirtieth, one thousand nine hundred fifty-six, may be published any time during the year one thousand nine hundred fifty-seven. The statement shall be sworn to by the chairman and secretary and treasurer of the board. If a board fails or refuses to perform the duties hereinbefore named, every member of the board concurring in such failure or refusal shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred nor more than five hundred dollars and the circuit court or criminal court and justices of the peace, of the county where the offense was committed, shall have concurrent jurisdiction to try such offense. (1957, c. 138; 1967, c. 105.)

Editor's notes. — The phrase "justice of the peace" and the word "justice," when used in a context meaning "justice of the peace," are construed to mean "magistrate." See § 50-1-17 and W. Va. Const., art. VIII, § 15.

§ 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.

Any municipality operating a sewage collecting system and/or a sewage disposal plant or plants as defined in this article, or which as herein provided has ordered the construction or acquisition of such works (in this section called the owner), is hereby authorized to contract with one or more other municipal corporations or political subdivisions within the State (in this section called the lessee), and such lessees are hereby authorized to enter into such contracts with such owners, for the service of such works to such lessees and their inhabitants, but only to the extent of the capacity of the works without impairing the usefulness thereof to the owners, upon such terms and conditions as may be fixed by the boards and approved by ordinances of the respective contracting parties: Provided, however, That no such contract shall be made for a period of more than forty years or in violation of the provisions of said ordinance authorizing bonds hereunder or in violation of the provisions of said trust indenture. The lessee shall by ordinance have power to establish, change and adjust rates and charges for the service rendered therein by the works against the owners of the premises served, in the manner hereinbefore provided for establishing, changing and adjusting rates and charges for the service rendered in the municipality where the works are owned and operated, and such rates or charges shall be collectible and shall be a lien as herein provided for rates and charges made by the owner. The necessary intercepting sewers and appurtenant works for connecting the works of the owner with the sewerage system of the lessee shall be constructed by the owner and/or the lessee upon such terms and conditions as may be set forth in said contract, and the cost or that part of the cost thereof which is to be borne by the owner may be paid as a part of the cost of the works from the proceeds of bonds issued under this article unless otherwise provided by said ordinance or trust indenture prior to the issuance of the bonds. The income received by the owner under any such contract shall, if so provided in said ordinance or trust indenture, be deemed to be a part of the revenues of the works as in this article defined and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 19; 1981, 1st Ex. Sess., c. 2.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-20. Discharge of lien on property acquired.

No property shall be acquired under this article upon which any lien or other encumbrance exists, unless at the time such property is acquired a sufficient sum of money be deposited in trust to pay and redeem such lien or encumbrance in full. (1933, Ex. Sess., c. 25, § 20.)

§ 16-13-21. Action on certificates or attached coupons; receivers.

Any holder of any such certificates or any of the coupons attached thereto, and the trustee, if any, except to the extent the rights herein given may be restricted by said ordinance authorizing issuance of the bonds or by the trust indenture, may either at law or in equity, by suit, action, mandamus or other proceeding protect and enforce any and all rights granted hereunder or under such ordinance or trust indenture, and may enforce and compel performance of all duties required by this article or by such ordinance or trust indenture to be performed by the municipality issuing the bonds or by the board or any officer, including the making and collecting of reasonable and sufficient charges and rates for service rendered by the works. If there be any failure to pay the principal or interest of any of the bonds on the date therein named for such payment, any court having jurisdiction of the action may appoint a receiver to administer the works on behalf of the municipality and the bondholders and/or trustee, except as so restricted, with power to charge and collect rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and also to pay any bonds and interest outstanding and to apply the revenues in conformity with this article and the said ordinance and/or trust indenture. (1933, Ex. Sess., c. 25, § 21.)

Rules of Civil Procedure. — As to abolition of procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to extraordinary remedies, see Rule 81(a)(5).

§ 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.

The authority herein given shall be in addition to and not in derogation of any power existing in any municipality under any statutory or charter provisions which it may now have or hereafter adopt. For all purposes of this article, all municipal corporations shall have jurisdiction for ten miles outside the corporate limits thereof. (1933, Ex. Sess., c. 25, § 22.)

§ 16-13-22a. Grants, loans and advances.

Any municipality is authorized and empowered 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 or construction of said sewage works and the construction of 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 sewage works 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 to the contrary 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. (1949, c. 93; 1961, c. 107; 1980, c. 59; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

Stated in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-22b. Contracts for abatement of pollution.

When determined by its legislative body to be in the public interest and necessary for the protection of the public health, any municipality is authorized to enter into and perform contracts, whether long-term or short-term, with any industrial establishment for the provision and operation by the municipality of sewerage facilities to abate or reduce the pollution of waters caused by discharges of industrial wastes by the industrial establishment and the payment periodically by the industrial establishment to the municipality of amounts at least sufficient, in the determination of such legislative body, to compensate the municipality for the cost of providing (including payment of principal and interest charges, if any), and of operating and maintaining the sewerage facilities serving such industrial establishment. (1949, c. 93.)

§ 16-13-22c. Refunding bonds.

Any municipality is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds, including interest thereon, if any, in arrears or about to become due. The relevant provisions in this article pertaining to revenue bonds shall be equally applicable in the authorization and issuance of refunding revenue bonds, including their terms and security, the ordinance, the trust indenture, rates, or other aspects of the bonds. (1949, c. 93.)

§ 16-13-22d. Subordination of bonds.

Notwithstanding any other provisions to the contrary in this article, any municipality authorizing the issuance of bonds under this article in an effort to aid in the abatement or reduction of the pollution of any waters or streams may provide in the ordinance authorizing the issuance of the bonds and in any trust

indenture pertaining thereto that such bonds, or any additional bonds that may thereafter be issued to extend or improve the works, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to the payment of principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1949, c. 93.)

§ 16-13-22e. Operating contract.

Any such municipality may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the facilities and properties of said sewerage system, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons, firms or corporations. Such municipality shall have power to provide in the resolution 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, are outstanding and unpaid. (1955, c. 132.)

§ 16-13-22f. Exemption of bonds from taxation.

Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with sewerage system, and all the moneys, revenues and other income of such municipality derived from such sewerage system shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. (1955, c. 132.)

§ 16-13-22g. Covenants with bondholders.

Any resolution authorizing the issuance of bonds hereunder, or any trust indenture with any bank or trust company within or without the State, for the security of said bonds, 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 sewerage system, may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depositary for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, operation or control of such sewerage systems, including any part thereof heretofore or hereafter constructed or acquired 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 fees, rentals or other charges for the use of the services and facilities of such sewerage system, including the parts thereof heretofore or hereafter constructed or acquired and the revision of same from time to time, as will always provide revenues at least

sufficient to provide for all expenses of operation, maintenance and repair of such sewerage system, the payment of the principal of and interest on all bonds or other obligations payable from the revenues of such 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 such 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 sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenue of such sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such 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 operation, maintenance and repair of such 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 sewerage system, or any part thereof, and the use and disposition of the proceeds of any insurance;

(i) The keeping of books of account, relating to such undertakings 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;

(j) 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 hereunder, it being the intention hereof to grant to such municipalities the power 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 such municipalities full and complete power to enter into any contracts, covenants or agreements with holder of bonds issued hereunder not inconsistent with the Constitution of the State of West Virginia. (1955, c. 132.)

§ 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.

This article, shall, without reference to any other statute, be deemed full authority for the construction, acquisition, improvement, equipment, maintenance, operation and repair of the works herein provided for and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition or election or other or further proceeding in respect to the construction or acquisition of the works or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to such construction or acquisition or to the issuance or sale of such bonds shall be required except such as are prescribed by this article, any provisions of other statutes of the State to the contrary notwithstanding: Provided, however, That all functions, powers and duties of the state department of health shall remain unaffected by this article. (1933, Ex. Sess., c. 25, § 23.)

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the director of the division of environmental protection or the environmental quality board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates or charges for the use of the services and facilities of the existing sewer system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system, or that in any way uses or is served thereby, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage, and the repair, alteration and extension of existing sewer facilities, as may be necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and for the operation, maintenance and repair of the entire works and system; and the governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the

proceeds derived from rates or charges until completion of said construction, to be remitted to and administered by the municipal bond commission by expending and paying said costs and expenses of construction and operation in the manner as provided by said ordinance; and after the completion of the construction such rates or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement and extension from time to time, of the entire sewer and works. No such rates or charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others shall have had an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication of such notice as a Class II-0 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 is the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing the rates or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice is required. If any rate or charge so established is not paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality. Any municipal corporation exercising the powers given herein has authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and the authority provided herein to establish, maintain and collect rates or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as such article provides for or requires the issuance of revenue bonds or the imposition of rates and charges in connection with such bonds: Provided, however, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in

compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article. (1955, c. 135; 1967, c. 105; 1994, c. 61.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.
16-13A-10. Budget.
16-13A-11. Accounts; audit.
16-13A-12. Disbursement of district funds.
16-13A-13. Revenue bonds.
16-13A-14. Items included in cost of properties.
16-13A-15. Bonds may be secured by trust indenture.
16-13A-16. Sinking fund for revenue bonds.
16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.
16-13A-18. Operating contracts.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-19. Statutory mortgage lien created; foreclosure thereof.
16-13A-20. Refunding revenue bonds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

Editor's notes. — Acts 1989, 1st Ex. Sess., c. 3, redesignated the board of health and the department of health as the division of health, within the department of health and human resources. See also, Acts 1997, c. 225.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public utilities. — Public service districts are "public utilities" because they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Att'y Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist., 185 S.E.2d 434 (W. Va. 1997).

§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best

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(e) "Trust" means the national tobacco community trust as defined in subsection (c) of this section. (1999, c. 283.)

§ 16-9C-3. Creation of board.

There is hereby created a board to be known as the "state tobacco growers' settlement board" consisting of three members: the governor, the attorney general and the commissioner of agriculture, or their designees. The governor or his or her designee shall serve as the chair, the commissioner of agriculture or his or her designee shall serve as the vice chair, and the attorney general or his or her designee shall serve as the secretary. (1999, c. 283.)

§ 16-9C-4. Duties and responsibilities of the state tobacco grower board.

The duties and responsibilities of the board shall include, but are not limited to:

(a) The consummation of a settlement with leading United States tobacco product manufacturers for the exclusive benefit of state tobacco growers;

(b) The execution of all necessary written agreements relative to the national tobacco community trust to ensure state tobacco growers' receipt of funds directly from the trust;

(c) Consultation with tobacco growers within the state in order to determine how funds allocated by the national tobacco community trust shall be distributed among state tobacco growers to compensate them for the adverse effects of decreased consumption, demand and price for cigarettes;

(d) The submission of a plan to the national tobacco community trust identifying state tobacco growers and the distribution of trust funds to state tobacco growers; and

(e) The certification of instructions annually to the national tobacco community trust regarding distribution of funds from the trust directly to the state tobacco growers during the twelve year payment period, beginning in the year one thousand nine hundred ninety-nine. (1999, c. 283.)

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

§ 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.

Stated in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-4. Board chairman; members' compensation; procedure; district name.

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

Applied in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

State of West Virginia

Certificate

I, Joe Manchin, III, 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

March 27, 2001

1B

Secretary of State

By Jan Coats, Deputy
Secretary of State

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.

§ 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

CHAPTER 67.—An ACT to incorporate the town of Harrisville.

Passed February 26, 1869.

Be it enacted by the Legislature of West Virginia:

Town incorporated.

1. That the place known as the town of Harrisville, in the county of Ritchie, in the state aforesaid, be and the same is hereby made a town corporate and body politic, by the name of "The town of Harrisville," under the regulations prescribed by chapter forty-seven of the Code of West Virginia, entitled "Of towns and villages."

Powers, &c., of town.

Corporate limits.

2. The corporate limits of said town shall be as follows: All the lots, streets and alleys, as shown in the original plat of said town, together with the several additions that have been since made, or that hereafter may be made to the same.

I, Donald L. Kopp, Clerk of the House of Delegates of the West Virignia Legislature, hereby certify as Keeper of the Rolls and Publisher of the Acts of the Legislature, that according to the records in my said office, the foregoing Chapter 67 of the Acts of 1869, passed by the Legislature on February 26, 1869, is a true and actual copy of the Act incorporating the Town of Harrisville.

Given under my hand this 11th day of April, 1990.

Donald L. Kopp

Donald L. Kopp, House Clerk

STATE OF WEST VIRGINIA

COUNTY OF RITCHIE, SS:

Before me, Donna Rae Mullenix, Recorder of the Town of Harrisville, personally appeared, Alan R. Haught, who has been duly elected Mayor of the Town of Harrisville, and took and subscribed the following:

I, Alan R. Haught, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the Office of MAYOR of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Alan R. Haught

Given under my hand, this 1st day of July, 1997.

Donna Rae Mullenix

Donna Rae Mullenix
Recorder of Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Theresa L. Scoville, Notary Public, personally appeared, Donna Rae Mullenix, who has been duly elected Recorder of the Town of Harrisville, and took and subscribed the following:

I., Donna Rae Mullenix, do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the Office of Recorder of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Donna Rae Mullenix

Donna Rae Mullenix

Given under my hand, this 30th day of June, 1999.

Theresa L. Scoville

Theresa L. Scoville
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
THERESA SCOVILLE
RT.2, BOX 139A
HARRISVILLE, W.V. 26362
MY COMMISSION EXPIRES JAN. 6, 2009

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Alan R. Haught, Mayor of the Town of Harrisville, personally appeared, Jeffrey L. Adams, who has been duly elected Councilman of the Town of Harrisville, and took and subscribed the following:

I. Jeffrey L. Adams, do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the Office of Councilman of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Jeffrey L. Adams

Given under my hand, this 13thth day of July, 1999.

Alan R. Haught, Mayor
Town of Harrisville

Attest: Donna Rae Mullenix, Recorder

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Alan R. Haught, Mayor of the Town of Harrisville, personally appeared, Jeffrey L. Hardman, who has been duly elected Councilman of the Town of Harrisville, and took and subscribed the following:

I. Jeffrey L. Hardman, do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the Office of Councilman of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Jeffrey L. Hardman

Given under my hand, this 13thth day of July, 1999.

Alan R. Haught, Mayor
Town of Harrisville

Attest: Donna Rae Mullenix
Donna Rae Mullenix, Recorder

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Alan R. Haught, Mayor of the Town of Harrisville, personally appeared, Richard D. Kerns, who has been duly elected Councilman of the Town of Harrisville, and took and subscribed the following:

I. Richard D. Kerns, do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the Office of Councilman of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Richard D. Kerns

Given under my hand, this 13thth day of July, 1999.

Alan R. Haught, Mayor
Town of Harrisville

Attest: Donna Rae Mullenix
Donna Rae Mullenix, Recorder

STATE OF WEST VIRGINIA

COUNTY OF RITCHIE, SS:

Before me, Donna Rae Mullenix, Recorder of the Town of Harrisville, personally appeared, Joseph W. Jarrell, who has been duly elected Councilman of the Town of Harrisville, and took and subscribed the following:

I, Joseph W. Jarrell, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the Office of Councilman of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Joseph W. Jarrell

Given under my hand, this 8th day of July, 1997.

Donna Rae Mullenix

Donna Rae Mullenix
Recorder of Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Alan R. Haught, Mayor of the Town of Harrisville, personally appeared, Timothy M. Webber, who has been duly elected Councilman of the Town of Harrisville, and took and subscribed the following:

I. Timothy M. Webber, do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the Office of Councilman of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Timothy M. Webber

Given under my hand, this 13thth day of July, 1999.

Alan R. Haught, Mayor
Town of Harrisville

Attest:
Donna Rae Mullenix, Recorder

RULES OF PROCEDURE
OF THE TOWN OF HARRISVILLE

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 Harrisville, Ritchie 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 Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law. The provisions of the Act, as amended from time to time, 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 Harrisville (the "Council"), Ritchie 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 and place of the Council's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Recorder not less than 48 hours before such regular meeting is to be held.

The Council shall also instruct the Recorder to, and the Recorder shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

News Media	Address
The Ritchie Gazette	P.O. Box 215 Harrisville, WV 26362
The Pennsboro News	P.O. Box 368 Pennsboro, WV 26415
WRRR-FM	P.O. Box 374 St. Marys, WV 26170

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 and other news media that customarily cover news of the area served by the Council. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Recorder not less than 48 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Council, notice of such modification shall immediately 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. 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.

Rule No. 2. Notice of Special Meetings. Not less than 48 hours 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 48 hours prior to the date set for such special meeting, the Recorder shall distribute to each of the newspapers 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.

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.

Rule No. 4. Executive Sessions. The Council may hold an executive session during a regular, special or emergency meeting in accordance with Section 4 of the Act. During the open portion of the meeting, prior to convening an executive session, the Mayor shall identify the authorization under Section 4 of the Act for holding the executive session and present it to the Council and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Council members present. The Council may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Section 4 of the Act.

Rule No. 5. Minutes. The Council shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Section 4 of the Act, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(1) The date, time and place of the meeting;
(2) The name of each Council member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Council member, the vote of each Council member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Council may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Council from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Council may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Council meeting required to be open. The Council may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Council shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Council, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Council, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Council meetings may be held by telephone conference or other electronic means. All Council members participating by telephone or other electronic means must be audible to all those personally present.

Section 4. Committee Meetings. All meetings of any committee of the Council shall be subject to the Rules of Procedure set forth in Section 3 hereof.

Section 5. 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 6. Effective Time. This Resolution and the Rules of Procedure promulgated hereby shall take effect immediately upon the adoption hereof.

Adopted this 8th day of August, 2000.

Alan R. Daughtry

Mayor

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of the Town of Harrisville on the 8th day of August, 2000.

Dated this 11th day of April, 2001.

[SEAL]

Donna Rae Mullenix
Recorder

03/08/01
004812/00304

ORDINANCE PLACING THE CUSTODY, ADMINISTRATION, OPERATION AND MAINTENANCE OF THE SEWERAGE SYSTEM OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, UNDER THE SUPERVISION AND CONTROL OF A SANITARY BOARD; CREATING SUCH SANITARY BOARD OF SAID TOWN; PROVIDING FOR THE TERMS OF OFFICE OF AND COMPENSATION FOR THE MEMBERS OF SUCH SANITARY BOARD; AND MAKING OTHER PROVISIONS WITH REGARD TO SUCH SANITARY BOARD.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF HARRISVILLE, WEST VIRGINIA AS FOLLOWS:

ARTICLE I

Statutory Authority and Findings

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended (the "Act"), particularly Section 18 thereof, and other applicable provisions of law.

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

(A) The Town of Harrisville, West Virginia (the "Town"), contemplates the construction and acquisition of certain improvements, extensions, betterments and additions (the "Project") to its municipal sewerage system (the existing collection lines and treatment facility, together with the Project and any further extensions, improvements, betterments and addition thereto, the "System") and the permanent financing of such construction and acquisition not otherwise provided by the issuance of sewerage system revenue bonds pursuant to the Act.

(B) In accordance with Section 18 of the Act, the Council of the Town must provide by ordinance that the custody, administration, operation and maintenance of the System shall be under the supervision and control of a sanitary board.

(C) It is necessary and desirable for health, welfare and safety of the inhabitants of the Town that the System be constructed and acquired pursuant to the provisions of the Act and, accordingly, that a sanitary board be created, appointed and given supervision and control of the System.

ARTICLE II

SANITARY BOARD

Section 2.01. System under Control and Supervision of Sanitary Board. The custody, administration, operation and

maintenance of the System, including any further extensions, betterments, additions or improvements to the System that may hereafter be acquired, shall be, and are hereby, placed under the supervision and control of the sanitary board created pursuant to Section 2.02 hereof. Said sanitary board shall have all the power and authority properly vested in it in accordance with the Act.

Section 2.02. Creation and Membership of Sanitary Board. There is hereby created a sanitary board of the Town (the "Sanitary Board"), composed of the mayor of the Town and two persons appointed by the Council of the Town, one of whom, during the period of construction of the Project or any extensions, betterments, additions or improvements to the System must be a registered professional engineer. The engineer member of the Sanitary Board need not be a resident of the Town. After any such construction has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on the Sanitary Board until at least one year after the expiration of his or her term of public office.

Section 2.03. Terms of Office. The term of office of an appointed Sanitary Board member shall be three years; provided, however, the original appointees shall be appointed for terms of two and three years, respectively.

Section 2.04. Vacancy in Office. Any vacancy in the office of an appointed Sanitary Board member shall be filled for the unexpired term in the same manner as the original appointment.

Section 2.05. Organization of Sanitary Board. The mayor of the Town shall act as chairman of the Sanitary Board. The Sanitary Board shall elect a vice-chairman from its members and shall designate a secretary and treasurer, who need not be members of the Sanitary Board; provided, however, the secretary and treasurer may be one and the same person. The vice-chairman, secretary and treasurer shall hold office as such at the will of the Sanitary Board. The Sanitary Board shall have power to establish bylaws, rules and regulations for this own government.

Section 2.06. Compensation of Sanitary Board Members and Officers.

(A) The members of the Sanitary Board shall receive as compensation for their services $ 50.00 for each meeting of the Sanitary Board attended; provided, however, no member shall be compensated for any meeting that he or she does not attend; and provided, further, no member shall be compensated, exclusive of expenses as provided below, in excess of $ 1000.00 per year. In

addition to the compensation provided in the preceding sentence, the members of the Sanitary Board shall be entitled to payment for their reasonable expenses incurred in the performance of their respective duties.

(B) The secretary and the treasurer of the Sanitary Board shall receive no compensation for his or her respective services; provided that the secretary and treasurer or the secretary-treasurer, as the case may be, shall be entitled to payment for their or his or her reasonable expenses incurred in the performance of their respective or his or her duties.

(C) All compensation and reimbursement of expenses referred to in this section shall be paid solely from funds provided under the authority of the Act.

Section 2.07. Bonds. No bond shall be required for the members of the Sanitary Board; provided, however, that any withdrawal, disbursement, transfer or exchange of or any other transaction involving funds or other property of, or under the supervision and control of, the Sanitary Board shall require the signature at least of the treasurer of the Sanitary Board. Said treasurer of the Sanitary Board shall be bonded in the amount of $50,000 throughout his or her term as treasurer.

ARTICLE III

MISCELLANEOUS

Section 3.01. 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 3.02. 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.

Section 3.03. Effective Date. This Ordinance shall take effect immediately upon passage.

First Reading: April 11, 1989

Second Reading and Passage: May 9, 1989

THE TOWN OF HARRISVILLE, WEST VIRGINIA

Alan R. Haught
MAYOR

(SEAL)

Donna Lee Mullenix
TOWN RECORDER

2990M

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Donna Rae Mullenix, Recorder of the Town of Harrisville, personally appeared, Alan R. Haught, who has been duly appointed to the position of Sanitary Board Member of the Town of Harrisville, and took and subscribed the following:

I. Alan R. Haught, do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the position of Sanitary Board Member of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Alan R. Haught

Given under my hand, this 1st day of July, 1997

Donna Rae Mullenix, Recorder
Town of Harrisville

Attest: Donna Rae Mullenix
Donna Rae Mullenix, Recorder
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Donna Rae Mullenix, Recorder of the Town of Harrisville, personally appeared, Ronald R. Nutt, who has been duly appointed to the position of Sanitary Board Member of the Town of Harrisville, and took and subscribed the following:

I. Ronald R. Nutt, do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the position of Sanitary Board Member of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Ronald R. Nutt

Given under my hand, this 13th day of July, 1998

Donna Rae Mullenix, Recorder
Town of Harrisville

Attest: Donna Rae Mullenix
Donna Rae Mullenix, Recorder
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Donna Rae Mullenix, Recorder of the Town of Harrisville, personally appeared, Wilton E. Williams, Jr., who has been duly appointed to the position of Sanitary Board Member of the Town of Harrisville, and took and subscribed the following:

I. Wilton E. Williams, Jr., do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the position of Sanitary Board Member of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Wilton E. Williams, Jr.

Given under my hand, this 10th day of July, ~~199~~ 2000

Donna Rae Mullenix, Recorder
Town of Harrisville

Attest: Donna Rae Mullenix
Donna Rae Mullenix, Recorder
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Alan R. Haught, Mayor of the Town of Harrisville, personally appeared, Donna Rae Mullenix, who has been duly appointed to the position of Sanitary Board Secretary of the Town of Harrisville, and took and subscribed the following:

I. Donna Rae Mullenix, do solemly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the position of Sanitary Board Secretary of the Town of Harrisville, to the best of my skill and judgement.

So help me God.

Donna Rae Mullenix

Given under my hand, this 1st day of July, 1999.

Alan R. Haught, Mayor
Town of Harrisville

Attest: Donna Rae Mullenix
Donna Rae Mullenix, Recorder
Town of Harrisville

RULES OF PROCEDURE
OF THE SANITARY BOARD OF THE TOWN OF HARRISVILLE

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 Sanitary Board of the Town of Harrisville, Ritchie 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 Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law. The provisions of the Act, as amended from time to time, 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 Sanitary Board (the "Board") of the Town of Harrisville, Ritchie County, West Virginia (the "Town"), is a governing body 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 Board.

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

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board, where notices customarily are posted, a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 48 hours before such regular meeting is to be held.

The Board shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

News Media	Address
The Ritchie Gazette	P.O. Box 215 Harrisville, WV 26362
The Pennsboro News	P.O. Box 368 Pennsboro, WV 26415
WRRR-FM	P.O. Box 374 St. Marys, WV 26170

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 Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Board. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 48 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Board, notice of such modification shall immediately 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. 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.

Rule No. 2. Notice of Special Meetings. Not less than 48 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board, 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 48 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers 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.

Rule No. 3. Emergency Meetings. The Board 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 Board and shall be attested to in a certificate by the Secretary 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.

Rule No. 4. Executive Sessions. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Section 4 of the Act. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Section 4 of the Act for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Section 4 of the Act.

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Section 4 of the Act, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(1) The date, time and place of the meeting;
(2) The name of each Board member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Board meeting required to be open. The Board may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Board shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Board, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Board, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 4. Committee Meetings. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Section 3 hereof.

Section 5. 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 6. Effective Time. This Resolution and the Rules of Procedure promulgated hereby shall take effect immediately upon the adoption hereof.

Adopted this 7th day of August, 2000.

Alan R. Haughtt

Chairperson

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Sanitary Board of the Town of Harrisville on the 7th day of August, 2000.

Dated this 11th day of April, 2001.

[SEAL]

Donna Rae Mullenix
Secretary

03/08/01
004812/00304

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
10-23-00

Entered: October 3, 2000

CASE NO. 00-0661-S-CN

TOWN OF HARRISVILLE SEWER SYSTEM,
a public utility.
Application for a certificate of convenience and necessity to construct and operate improvements to its sewer system in Ritchie County.

RECOMMENDED DECISION

On May 1, 2000, the Town of Harrisville Sewer System (Town), a municipal corporation, filed an application for a certificate of convenience and necessity to construct and operate improvements to its sewer system in Ritchie County.

The Town, which estimated the cost of the project to be approximately $638,000, proposes to finance the construction by a loan in an amount not to exceed $700,000, to be provided through the Clean Water State Revolving Fund administered by the West Virginia Division of Environmental Protection, at interest rates not to exceed the legal limit for such borrowing. In addition, the Applicant proposes to enter into an interim financing arrangement with a local bank to provide funds for the payment of the contractors during construction of the project, with interest not to exceed the legal rate.

By Notice of Filing Order entered on May 2, 2000, the Town was directed to give notice of the filing of its application by publishing a copy of the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and of general circulation in Ritchie County. If no public protest is timely filed, the Commission is authorized to render a decision without a hearing by virtue of the provisions of West Virginia Code §24-2-11.

On May 25, 2000, an affidavit of publication was received from the Town, showing that publication was made on May 11, 2000, in the Ritchie Gazette, a newspaper of general circulation in Ritchie County. Anyone objecting to the application was given thirty (30) days to file a protest with the Commission. The protest period expired on June 10, 2000. As of the date of this Order, no protests have been filed.

On June 12, 2000, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before November 28, 2000.

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By Second Initial Joint Staff Memorandum dated July 28, 2000, Staff Attorney C. Terry Owen indicated that Technical Staff would submit its final recommendation by July 31, 2000. Pursuant to Commission policy, the final Staff recommendation was due on or before July 31, 2000.

By Procedural Order entered on September 20, 2000, Staff was directed to file its substantive recommendation on or before October 2, 2000.

On September 28, 2000, Staff Attorney Owen filed a Final Joint Staff Memorandum, attached to which was a Final Internal Memorandum prepared by Audra L. Blackwell, Engineer-In-Training II, Engineering Division, and James W. Boggess, Utilities Analyst II, Water and Wastewater Division. According to Staff, the Town filed its application to alleviate the problems of high pumping and treatment costs associated with excess water entering the system.

The project is estimated to cost approximately $638,000 as follows: Construction $464,400; Contingency $46,440; Engineering & Inspection $81,660; Legal $8,500; Financing Cost $15,000; Administrative $11,000; and Rights-of-Way $11,000.

According to Staff, the existing system is operated under National Pollutant Discharge Elimination System (NPDES) Permit Number WV0022357. The present capacity of the plant is 325,000 gallons per day (gpd) with a maximum capacity of 650,000 gpd. According to the specifications for the sewer system's rehabilitation, there will be 3,960 linear feet (Lf) of 8-inch gravity sewer replacement; 1,405 Lf of 6-inch gravity sewer replacement; 50 manhole repairs; and 6 manhole replacements. Staff had received a letter from the West Virginia Division of Environmental Protection, Office of Water Resources, stating that the plans and specifications for the Town of Harrisville Sewer System Rehabilitation project are approved.

The proposed project will add no new customers. The Town of Harrisville currently has 874 customers. The cost per customer is $729. According to Staff, this cost is reasonable for the provision of sewer service. The overall annual operation and maintenance (O&M) expenses are projected to increase by $14,237. The pro forma increases are $13,500 for salaries and wages; $4,800 for group insurance; $508 for retirement; and $429 for uniforms, for a total of $19,237. However, the dramatic reduction in infiltration and inflow into the sewer system will be reflected as a decrease of $5,000 for treatment and disposal expenses, specifically from power for pumping costs. The projected O&M expenses have been reviewed by Staff and appear to be reasonable for the scope of the project being performed.

According to Staff, the Town proposes to finance the project with a $638,000 loan from the State Revolving Loan Fund, administered by the Division of Environmental Protection. The cost of the borrowing of the funds for twenty (20) years is 2% annually, plus an additional 1% administrative fee. An executed letter dated May 17, 2000, committing the funds is on file. Payments on the loan will be secured by a pledge of revenues from the Town's sewer system.

Staff noted that the Legal Division recommended, on July 13, 2000, that the Commission accept the Town's rate ordinance for filing. According to Staff, Harrisville's sewer rates and charges are sufficient to provide adequate debt coverage and a cash surplus of over $3,400. Although Harrisville fulfilled the legal requirements for the adoption of a tariff, Technical Staff informed the Legal Division of certain tariff language which conflicts with the Commission's Sewer Rules, as follows:

1. (C) **DISCONNECT/RECONNECT CHARGES**: There will be a $10.00 shut off fee and $10.00 turn on charge, payable in advance or at such time that service is reconnected/disconnected at the customer's request.

Water Rule 4.8.2.1. permits Harrisville to charge a sewer customer a fee only for **reconnecting** the water supply that was terminated.

2. **(N) DISCONNECTION:** If any bill is not paid within 30 days after the date of the mailing thereof, sewer service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of sewer service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the Town of Harrisville, or the Mayor or any member of the Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Sewer service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of $20.00 shall be paid.

Sewer Rule 4.5.1. prohibits disconnection of sewer service for non-payment of sewer charges unless the utility has first acquired approval of the Public Service Commission. Harrisville may, however, disconnect water service for non-payment of sewer charges provided proper notice is given in accordance with Sewer Rule 4.5.2. and Water Rule 4.8. Staff also noted that the above underlined tariff language does not provide proper notification.

However, according to the Staff Attorney, a call to the Town disclosed that these provisions do not reflect the policies of the Town. According to Staff Attorney Owen, Harrisville voluntarily withdrew the disconnect/reconnect charges provision. Staff noted that this is a water tariff provision that was inadvertently carried over into the sewer tariff. It was designed to eliminate the loss of revenue generated by minimum monthly billings from customers who disconnect their water during prolonged seasonal absences.

According to Staff Attorney Owen, Harrisville provides both sewer and water service to its customers. The reference in the "disconnection" of the tariff to disconnection of sewer service is in error. It is not the Town's practice to disconnect sewer service for non-payment of sewer bills. Harrisville disconnects water service for non-payment of sewer billings. The Town meant for the provision to read, " If any bill for

sewer service is not paid within thirty (30) days after the date of the mailing thereof, water service to the customer will be discontinued." Mr. Owen noted that Harrisville will correct this provision and resubmit it with appropriate notice requirements in accordance with Sewer Rule 4.5.2. Finally, the "tap fee" provision states "install a meter setting." It would be unusual for a sewer utility to install a flow meter setting with each and every tap. It would also be improper for the sewer utility to be installing water meter settings. This is also probably an inadvertent carry over from the water tariff and should be corrected at the time of the filing of the changes in the other two tariff provisions.

FINDINGS OF FACT

1. By Order entered on May 2, 2000, the Town was directed to give notice of the filing of its application. (See, Order entered May 2, 2000).

2. On May 25, 2000, the Town filed an affidavit of publication in this proceeding indicating that the required notice was published on May 18, 2000. (See, affidavit of publication filed May 25, 2000).

3. The Office of Environmental Health Services has issued Permit No. WV0022357 for this project. (See, Permit filed May 22, 2000).

4. The Town proposes to finance the project with a $638,000 loan from the State Revolving Loan Fund, administered by the Division of Environmental Protection. The cost of the borrowing of the funds for twenty (20) years is 2% interest annually, plus an additional 1% administrative fee. (See, Final Joint Staff Memorandum filed September 28, 2000).

5. The proposed project is necessary because it will remove extraneous water from the Applicant's existing sewer system and will improve the living conditions of the Town's residents. (See, Final Joint Staff Memorandum filed September 28, 2000).

6. Staff is of the opinion that the project is in the public interest, is adequately funded, and should be approved. (See, Final Joint Staff Memorandum filed September 28, 2000).

CONCLUSIONS OF LAW

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

2. The proposed project will provide adequate service.

3. The project is adequately financed and economically feasible.

4. The Town of Harrisville has provided adequate and proper notice to the public of the proposed project and no protests have been filed in response thereto.

5. Good cause has been shown to waive formal hearing in this matter, pursuant to West Virginia Code §24-2-11, since no protests had been received to the project.

6. The issuance of a certificate of convenience and necessity shall be valid for the project, as proposed. Any substantial changes in the scope of the project and/or funding, after the granting of the certificate, will require further approval from the Public Service Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Town of Harrisville's Sewer Department as requested in the application filed on May 1, 2000.

IT IS FURTHER ORDERED that the financing for the project, consisting of a loan from the State Revolving Fund in an amount not to exceed $638,000 for a period of twenty (20) years, at an interest rate of 2%, plus a 1% annual administrative fee, be, and hereby is, approved.

IT IS FURTHER ORDERED that hearing in this matter be waived, pursuant to West Virginia Code §24-2-11, for the reasons that no protests were received after publication and there remain no outstanding issues to be litigated.

IT IS FURTHER ORDERED that, if there are changes to the scope, cost or financing of this project, as certificated, the Town of Harrisville Sewer Department shall not commence construction but, instead, shall petition the Commission for approval of such changes.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until

approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Miles C. Cary
Administrative Law Judge

MCC:jas
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West Virginia Infrastructure & Jobs Development Council

RECEIVED
DEC 2 1996
Water Resources
Construction Assistance

Public Members:
Russell L. Isaacs, Chairman
Cottageville
James D. Williams, Vice-Chairman
St. Albans
Lloyd P. Adams, P.E.
Wheeling
James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304)558-4609

Susan J. Riggs, Esquire
Executive Secretary

December 19, 1996

The Honorable Alan R. Haught, Mayor
P.O. Box 243
Harrisville, WV 26362

Re: Town of Harrisville
Wastewater Rehabilitation Project **96S-270**

Dear Mayor Haught:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Town of Harrisville's (Town) preliminary application regarding its proposed project to rehabilitate its wastewater system and to extend service to one industrial site (Project), and has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Town should carefully review the enclosed comments of the Sewer Technical Review Committee. The Town may need to address certain issues raised in said comments as it proceeds with the project.

Pursuant to its review of the preliminary application, the Council recommends the Town pursue $355,000 in the form of a Small Cities Block Grant from the West Virginia Development Office, and $638,000 in the form of a State Revolving Fund (SRF) loan administered by the West Virginia Division of Environmental Protection to finance this $993,000 project. Please be advised that no funding will be available from the Small Cities Block Grant program until after July 1, 1997. In light of this fact, the Town may consider pursuing an SRF loan for the entire cost of the Project in order to move the Project along more quickly. Please contact the Division of Environmental Protection at 558-0641, and the West Virginia Development Office at 558-4010, for specific information on the steps the Town needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from these funding agencies.**

If you have any questions regarding this matter, please contact Susan J. Riggs, Executive Secretary of the Council, at (304) 558-4607.

Sincerely,

Russell L. Isaacs, Chairman
West Virginia Infrastructure and
Jobs Development Council

RLI/bjh
Enclosure
cc: J. Michael Johnson
Fred Cutlip
James Mylott

Infrastructure Fund administered by the Water Development Authority

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SRF-LP-1
(4/6/00)

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 HARRISVILLE
(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 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to 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 acquire, construct, improve, operate and maintain a wastewater treatment project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for 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 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 and shall verify or have verified such bonds prior to commencement of construction.

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

on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of 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 engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit 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 shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

2.12 The Local Government. commencing on the date contracts are executed for the 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 DEP.

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

ARTICLE III

Conditions to 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 and DEP 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 construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP

shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

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

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on 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 of execution of this Loan Agreement by the Authority.

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 from the Fund 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 prior approval of DEP.

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

ARTICLE IV

Local Bonds; Security for 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 adopted or enacted, contain provisions and covenants in substantially the form as follows:

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local

Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

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

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

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

(x) That, to the extent legally allowable, the Local Government 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 Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

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

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

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

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

The Local Government hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit 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 and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Loan Agreement, and

the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this 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 Act, 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 System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this 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 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) the end of ninety (90) days after the date of execution hereof by the Authority if the Local Government has failed to deliver the Local Bonds to the Authority;

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

(iv) payment in full of the principal of and interest on the 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 State 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 outstanding amount of the Loan made by the Authority and DEP is not terminated due to such non-funding on any balance of 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 of the Loan shall not be considered an event of default under this Loan Agreement.

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

TOWN OF HARRISVILLE
[Name of Local Government]

(SEAL)

By: Alan R. Haught
Its: Mayor

Attest:

Date: March 13, 2001

Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Allyson J. Turner
Its: Chief, Office of Water Resources

Date: 3-15-01

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yoskosky
Its: Director

Attest:

Date: March 13, 2001

Barbara B Meadows
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: _____

MINUS	ITEM	CURRENT MONTH	TOTAL YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET YEAR YEAR TO DATE
1.	Gross Revenues Collected				
2.	Operating Expenses				
3.	Other Bond Debt Payments (including Reserve Account Deposits)				
4.	SRF Bond Payments (include Reserve Account Deposits)				
5.	Renewal and Replacement Fund Deposit				

Witnesseth my signature this ___ day of _____, _____.

[Name of Local Government]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 (1200/12). This is the incremental amount for the Budget Year to Date column.

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

3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Loan.

4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.

5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are $12,000, the Renewal and Replacement Fund should have an amount of $300 (2.5% of $12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the 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 _____.

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

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

Schedule A attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], 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 DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

_____

By _____

West Virginia License No. _____

[SEAL]

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

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

C. SUBMISSION of following prior to loan closing:

1) Final title opinion.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

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

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

Ladies and Gentlemen:

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

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly

adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local 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 the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

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

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

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

6. The Local Bonds are, by 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 the executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 638,000
Purchase Price of Local Bonds	$ 638,000

The Local Bonds shall bear no interest from the date of delivery to and including February 28, 2002. Commencing June 1, 2002, interest on the Local Bonds is payable quarterly, at a rate of 2% per annum. Commencing June 1, 2002, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

Rural Utilities Service - Sewer Revenue Bonds, Series 1990, dated April 17, 1990, issued in the original aggregate principal amount of $618,000.

Town of Harrisville (West Virginia)

Loan of $638,000
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: April 11, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2001	-	-	-	-
9/01/2001	-	-	-	-
12/01/2001	-	-	-	-
3/01/2002	-	-	-	-
6/01/2002	6,506.00	2.000%	3,190.00	9,696.00
9/01/2002	6,538.00	2.000%	3,157.47	9,695.47
12/01/2002	6,571.00	2.000%	3,124.78	9,695.78
3/01/2003	6,604.00	2.000%	3,091.93	9,695.93
6/01/2003	6,637.00	2.000%	3,058.91	9,695.91
9/01/2003	6,670.00	2.000%	3,025.72	9,695.72
12/01/2003	6,703.00	2.000%	2,992.37	9,695.37
3/01/2004	6,737.00	2.000%	2,958.86	9,695.86
6/01/2004	6,771.00	2.000%	2,925.17	9,696.17
9/01/2004	6,804.00	2.000%	2,891.32	9,695.32
12/01/2004	6,838.00	2.000%	2,857.30	9,695.30
3/01/2005	6,873.00	2.000%	2,823.11	9,696.11
6/01/2005	6,907.00	2.000%	2,788.74	9,695.74
9/01/2005	6,942.00	2.000%	2,754.21	9,696.21
12/01/2005	6,976.00	2.000%	2,719.50	9,695.50
3/01/2006	7,011.00	2.000%	2,684.62	9,695.62
6/01/2006	7,046.00	2.000%	2,649.56	9,695.56
9/01/2006	7,081.00	2.000%	2,614.33	9,695.33
12/01/2006	7,117.00	2.000%	2,578.93	9,695.93
3/01/2007	7,152.00	2.000%	2,543.34	9,695.34
6/01/2007	7,188.00	2.000%	2,507.58	9,695.58
9/01/2007	7,224.00	2.000%	2,471.64	9,695.64
12/01/2007	7,260.00	2.000%	2,435.52	9,695.52
3/01/2008	7,297.00	2.000%	2,399.22	9,696.22
6/01/2008	7,333.00	2.000%	2,362.74	9,695.74
9/01/2008	7,370.00	2.000%	2,326.07	9,696.07
12/01/2008	7,406.00	2.000%	2,289.22	9,695.22
3/01/2009	7,444.00	2.000%	2,252.19	9,696.19
6/01/2009	7,481.00	2.000%	2,214.97	9,695.97
9/01/2009	7,518.00	2.000%	2,177.57	9,695.57
12/01/2009	7,556.00	2.000%	2,139.98	9,695.98
3/01/2010	7,594.00	2.000%	2,102.20	9,696.20
6/01/2010	7,631.00	2.000%	2,064.23	9,695.23
9/01/2010	7,670.00	2.000%	2,026.07	9,696.07
12/01/2010	7,708.00	2.000%	1,987.72	9,695.72
3/01/2011	7,747.00	2.000%	1,949.18	9,696.18
6/01/2011	7,785.00	2.000%	1,910.45	9,695.45
9/01/2011	7,824.00	2.000%	1,871.52	9,695.52
12/01/2011	7,863.00	2.000%	1,832.40	9,695.40
3/01/2012	7,903.00	2.000%	1,793.09	9,696.09
6/01/2012	7,942.00	2.000%	1,753.57	9,695.57
9/01/2012	7,982.00	2.000%	1,713.86	9,695.86
12/01/2012	8,022.00	2.000%	1,673.95	9,695.95
3/01/2013	8,062.00	2.000%	1,633.84	9,695.84

Town of Harrisville (West Virginia)

Loan of $638,000
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: April 11, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2013	8,102.00	2.000%	1,593.53	9,695.53
9/01/2013	8,143.00	2.000%	1,553.02	9,696.02
12/01/2013	8,183.00	2.000%	1,512.31	9,695.31
3/01/2014	8,224.00	2.000%	1,471.39	9,695.39
6/01/2014	8,265.00	2.000%	1,430.27	9,695.27
9/01/2014	8,307.00	2.000%	1,388.95	9,695.95
12/01/2014	8,348.00	2.000%	1,347.41	9,695.41
3/01/2015	8,390.00	2.000%	1,305.67	9,695.67
6/01/2015	8,432.00	2.000%	1,263.72	9,695.72
9/01/2015	8,474.00	2.000%	1,221.56	9,695.56
12/01/2015	8,517.00	2.000%	1,179.19	9,696.19
3/01/2016	8,559.00	2.000%	1,136.61	9,695.61
6/01/2016	8,602.00	2.000%	1,093.81	9,695.81
9/01/2016	8,645.00	2.000%	1,050.80	9,695.80
12/01/2016	8,688.00	2.000%	1,007.58	9,695.58
3/01/2017	8,732.00	2.000%	964.14	9,696.14
6/01/2017	8,775.00	2.000%	920.48	9,695.48
9/01/2017	8,819.00	2.000%	876.60	9,695.60
12/01/2017	8,863.00	2.000%	832.51	9,695.51
3/01/2018	8,908.00	2.000%	788.19	9,696.19
6/01/2018	8,952.00	2.000%	743.65	9,695.65
9/01/2018	8,997.00	2.000%	698.89	9,695.89
12/01/2018	9,042.00	2.000%	653.91	9,695.91
3/01/2019	9,087.00	2.000%	608.70	9,695.70
6/01/2019	9,132.00	2.000%	563.26	9,695.26
9/01/2019	9,178.00	2.000%	517.60	9,695.60
12/01/2019	9,224.00	2.000%	471.71	9,695.71
3/01/2020	9,270.00	2.000%	425.59	9,695.59
6/01/2020	9,316.00	2.000%	379.24	9,695.24
9/01/2020	9,363.00	2.000%	332.66	9,695.66
12/01/2020	9,410.00	2.000%	285.85	9,695.85
3/01/2021	9,457.00	2.000%	238.80	9,695.80
6/01/2021	9,504.00	2.000%	191.51	9,695.51
9/01/2021	9,552.00	2.000%	143.99	9,695.99
12/01/2021	9,599.00	2.000%	96.23	9,695.23
3/01/2022	9,647.00	2.000%	48.24	9,695.24
Total	**638,000.00**	**-**	**137,656.52**	**775,656.52** *

*Plus $860.36 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $68,828.80.

AN ORDINANCE OF THE COUNCIL OF THE TOWN OF HARRISVILLE, ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE FOR CONSUMERS OF THE SEWER SYSTEM OF THE TOWN OF HARRISVILLE, RITCHIE COUNTY, WEST VIRGINIA

WHEREAS, the Town of Harrisville, Ritchie County, West Virginia, at the present operates a municipal sewer system in accordance with provisions of Section I of Article 19 of Chapter 8 of the Code of West Virginia of 1931, as amended; and,

WHEREAS, the Council of the said Town of Harrisville has determined that the rates presently being charged for sewer service from said municipal sewer system are not adequate to defray the total cost of operation thereof; and,

WHEREAS, the Council of the said Town of Harrisville, being the governing body thereof, determines that the schedule of charges set forth in this ordinance are just, reasonable, applied without unjust discrimination or preference and based primarily upon the cost of providing such services.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Harrisville, as follows:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DETERMINATIONS

SECTION 1. This ordinance is enacted pursuant to the provisions and requirements of Section 13 of Article 13 of Chapter 8 of the Code of West Virginia of 1931, as amended, and all other applicable provisions of law.

SECTION 2. It is hereby found, determined and declared as follows:

That the rates now in existence for the furnishing of sewer service are not adequate to pay for the construction of the Town's Sewer Rehabilitation Project for the

Town of Harrisville and the operation and maintenance of this facility, to provide an adequate depreciation fund and to make other payments which are required by ordinance and the hereinafter established rates, charges and delayed penalty charges are just, reasonable, applied without discrimination or preference and based primarily upon the costs of providing service.

ARTICLE II

ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE

Ordinance Number (Chapter 21, Article II, Division I, II, and III) of the Harrisville Municipal Code, passed on May 9, 1989, is hereby repealed and replaced with the following provisions, to-wit:

SECTION 1. The following rates, charges and delayed penalty charges shall be and they are hereby fixed and determined as the rates, charges and delayed penalty charges to be charged customers of the sewer system of the Town of Harrisville throughout the entire territory served.

SECTION 2.

(a) Applicability: This schedule shall apply to service in the entire territory served by the sewer system of the Town of Harrisville.

(b) Availability of Service: All sewer customers served by the sewer system of the Town of Harrisville, whether for domestic, commercial or industrial purposes, shall pay rates in accordance with the schedule established herein.

(c) Rates:

1. Customer Charge: Each customer of the sewer system shall pay a monthly customer charge of $4.40.

2. Commodity Charge: Each customer of the sewer system shall pay a charge of $3.90 for the first thousand gallons of water used and each and every thousand gallons used thereafter.

3. Tap Fee: That a tap fee of $225.00 shall be charged to any new customer requesting service. The utility shall make tap and extend services to the property line and install a meter setting.

4. All customers not served by the water works system of the Town of Harrisville shall, as a condition to being or remaining connected to the sewer system, pay a monthly charge of $21.95. If any flat rate sewer bill is not paid within 30 days after the date of mailing thereof, a lien will be placed against the property and the charge will be prosecuted through the judicial system.

Pursuant to Section 3.00 of the Public Service Commission of West Virginia "Rules and Regulations for the Government of Sewer Utilities" published March 1, 1977, the Town of Harrisville may require of sewer customers with private water supplies "... special flow measuring devices to properly measure the volume of waste water entering the sanitary sewer system. Such special flow measuring device shall be furnished, installed, and maintained by and at the expense of the customer with the approval of the utility.

5. Delayed Payment Penalty: On all current usage billings not paid within 20 days after the date of the bill, 10% will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate. The customer will pay a $10.00 fee on any check returned for insufficient funds.

6. Disconnection/Reconnect Charges: There will be a $10.00 shut off fee and a $10.00 turn on charge, payable in advance or at such time that service is reconnected/ disconnected at the customer's request.

7. Disconnection: If any bill is not paid within 30 days after the date of the mailing thereof, sewer service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of sewer service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the Town of Harrisville, or the Mayor or any member of the Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Sewer service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of $20.00 shall be paid.

8. Multiple Occupancy: The operators of apartment buildings or other multiple occupancy buildings may require separate metering for each unit therein. Alternatively, buildings may be provided with a master meter, in which case the charge for sewer service shall be the actual charge for sewer service used according to the schedule set forth herein.

9. Trailer Courts: The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for sewer services to such house trailer court shall be the actual charge for sewer used according to the schedule set forth herein. House trailers, as used herein shall include both mobile and immobile units.

SECTION 3. That the rate or schedule, charges or delayed payment charges established and affixed herein shall be effective for all sewer services provided after the 15th day of July, 2000.

SECTION 4. All ordinance, resolutions, or orders or parts thereof in conflict with the provision of this ordinance are, to the extent of such conflict, hereby repealed effective on the 15th day of July, 2000.

SECTION 5. The Mayor of the Town of Harrisville is hereby authorized and directed to have prepared and filed with the Public Service Commission of West Virginia, the sewer service rates as herein ordained and to perform all acts required by the statutes and the laws of the State and the rules and regulations of the Public Service Commission of West Virginia pertaining to municipal sewer rates.

SECTION 6. The Clerk is hereby authorized and directed to make monthly billings to all customers of the sewer system in accordance with the schedule of rates set forth herein for sewer service provided after the 15th day of July, 2000.

SECTION 7. If any provisions hereof shall be invalidated by any Court or regulatory agency having jurisdiction, such provision shall be severable and the remainder of this ordinance shall remain in full force and effect until such Court or agency finds that the purposes hereof would be substantially frustrated by such severance.

DATE OF FIRST READING 4/18/00

ACTION OF FIRST READING Accepted

DATE OF SECOND READING May 9, 2000

ACTION OF SECOND READING Adopted

Alan R. Haught

ALAN R. HAUGHT, MAYOR OF THE TOWN OF HARRISVILLE

TOWN OF HARRISVILLE
WATER/SEWER RATE SCHEDULE

	Eff.4/15/95 WATER	Eff. 7/15/00 SEWER	MUN.FEE	TOTAL
TAP FEE	300.00	225.00		525.00
FLAT RATE		21.95	3.50	25.45

Water is $9.50 for the first 2000 gallons Sewer is $ 4.40 plus $3.90 per 1000 gallon

GALLONS USED				
1000	9.50	8.30	3.50	21.30
2000	9.50	12.20	3.50	25.20
NEXT 4000 - ADD 3.90				
3000	13.40	16.10	3.50	33.00
4000	17.40	20.00	3.50	40.90
5000	21.20	23.90	3.50	48.60
6000	25.10	27.80	3.50	56.40
NEXT 4000 - ADD 3.00				
7000	28.10	31.70	3.50	63.30
8000	31.10	35.60	3.50	70.20
9000	34.10	39.50	3.50	77.10
10,000	37.10	43.40	3.50	84.00
NEXT 10,000 - ADD 2.40				
11,000	39.50	47.30	3.50	90.30
12,000	41.90	51.20	3.50	96.60
13,000	44.30	55.10	3.50	102.90
14,000	46.70	59.00	3.50	109.20
15,000	49.10	62.90	3.50	115.50
16,000	51.50	66.80	3.50	121.80
17,000	53.90	70.70	3.50	128.10
18,000	56.30	74.60	3.50	134.40
19,000	58.70	78.50	3.50	140.70
20,000	61.10	82.40	3.50	147.00
OVER 20,000 - ADD 1.80				
21,000	62.90	86.30	3.50	152.70
22,000	64.70	90.20	3.50	158.40
23,000	66.50	94.10	3.50	164.10
24,000	68.30	98.00	3.50	169.80
25,000	70.10	101.90	3.50	175.50
26,000	71.90	105.80	3.50	181.20
27,000	73.70	109.70	3.50	186.90
28,000	75.50	113.60	3.50	192.60
29,000	77.30	117.50	3.50	198.30
30,000	79.10	121.40	3.50	204.00
35,000	88.10	140.90	3.50	232.50
40,000	97.10	160.40	3.50	261.00
45,000	106.10	179.90	3.50	289.50
50,000	115.10	199.40	3.50	318.00
60,000	133.10	238.40	3.50	375.00
70,000	151.10	277.40	3.50	432.00
80,000	169.10	316.40	3.50	489.00
90,000	187.10	355.40	3.50	546.00

TOWN OF HARRISVILLE RATE SCHEDULE

GAL.USED	WATER	SEWER	MUN.FEE	TOTAL
100,000	205.10	394.00	3.50	602.60
110,000	223.10	433.40	3.50	660.00
120,000	241.10	472.40	3.50	717.00
130,000	259.10	511.40	3.50	774.00
140,000	277.10	550.40	3.50	831.00
150,000	295.10	589.40	3.50	888.00
160,000	313.10	628.40	3.50	945.00
170,000	331.10	667.40	3.50	1002.00
180,000	349.10	706.40	3.50	1059.00
190,000	367.10	745.40	3.50	1116.00
200,000	385.10	784.40	3.50	1173.00

Flat Rate Charge for Water:

Meter Size	Min. Bill	Entitled Consumption
5/8"	9.50	2,000 gal.
3/4"	14.25	3,000 gal.
1 "	23.75	5,000 gal.
1 1/2"	47.50	14,000 gal.
2"	76.00	27,000 gal.
3"	142.50	64,000 gal.
4"	237.50	116,000 gal.
6"	475.00	246,000 gal.
8"	760.00	402,000 gal.

Make sure customer is billed for the actual consumption or the minimum meter charge, whichever is greater. The two figures should not be added together.

For Example A business with a 1 inch meter will be charged $23.75 per month (and actual sewer rate) which entitles them to 5,000 gallons per month. If they use 6,000 gallons, they pay the regular charge of 6,000 gallons, which is $25.10. They do not pay 23.75 plus 25.10. In the same manner, if this customer uses only 2,000 gallons, they must still pay the $23.75.

Public Service Commission
of W. Va. Tariff Office

JUL 21 2000

Special Studies Section

P.S.C. W. Va. No. 5
Canceling P.S.C. W. Va. No. 4

TOWN OF HARRISVILLE, a municipal corporation

OF

HARRISVILLE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Harrisville and vicinity, Ritchie County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued July 17, 2000

Effective July 15, 2000
or as otherwise provided herein

Adopted by Town Ordinance

Issued by TOWN OF HARRISVILLE, a municipal corporation

By _____

MAYOR
Title

RULES AND REGULATIONS

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

(C) APPLICABILITY

This schedule shall apply to service in the entire territory served by the sewer system of the Town of Harrisville.

(C) AVAILABILITY OF SERVICE

All sewer customers served by the sewer system of the Town of Harrisville, whether for domestic, commercial or industrial purposes, shall pay rates in accordance with the schedule established herein

RATES

Customer Charge:

Each customer of the sewer system shall pay a monthly customer charge of $4.40.

(A) Commodity Charge:

Each customer of the sewer system shall pay a charge of $3.90 for the first thousand gallons of water used and each and every thousand gallons used thereafter.

(C) TAP FEE

That a tap fee of $225.00 shall be charged to any new customer requesting service. The utility shall make tap and extend services to the property line and install a meter setting.

(N) UNMETERED CUSTOMERS

All customers not served by the water works system of the Town of Harrisville shall, as a condition to being or remaining connected to the sewer system, pay a monthly charge of $21.95. If any flat rate sewer bill is not paid within 30 days after the date of mailing thereof, a lien will be placed against the property and the charge will be prosecuted through the judicial system.

Pursuant to Section 3.00 of the Public Service Commission of West Virginia "Rules and Regulations for the Government of Sewer Utilities" published March 1, 1977, the Town of Harrisville may require of sewer customers with private water supplies "... special flow measuring devices to properly measure the volume of waste water entering the sanitary sewer system. Such special flow measuring device shall furnished, installed, and maintained by and at the expense of the customer with the approval of the utility.

(C) DELAYED PAYMENT PENALTY

On all current usage billings not paid within 20 days after the date of the bill, 10% will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(C) Indicates change in text
(A) Indicates increase
(N) Indicates new

(N) RETURNED CHECK FOR INSUFFICIENT FUNDS

The customer will pay a $10.00 fee on any check returned I insufficient funds.

(C) DISCONNECTION/RECONNECT CHARGES

There will be a $10.00 shut off fee and $10.00 turn on charge, payable in advance or at such time that service is reconnected/disconnected at the customer's request.

(N) DISCONNECTION

If any bill is not paid within 30 days after the date of the mailing thereof, sewer service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of sewer service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the Town of Harrisville, or the Mayor or any member of the Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Sewer service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of $20.00 shall be paid.

(N) MULTIPLE OCCUPANCY

The operators of apartment buildings or other multiple occupancy buildings may require separate metering for each unit therein. Alternatively, buildings may be provided with a master meter, in which case the charge for sewer service shall be the actual charge for sewer service used according to the schedule set forth herein.

(N) TRAILER COURTS

The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for sewer services to such house trailer court shall be the actual charge for sewer used according to the schedule set forth herein. House trailers, as used herein shall include both mobile and immobile units.

(N) Indicates new
(C) Indicates change in text

COUNCIL

MARCH 13, 2001

The Council for the Town of Harrisville met in regular session, Tuesday, March 13, 2001, at 7:30 p.m., in the meeting room. Attending were: Mayor Alan R. Haught, Recorder Donna Rae Mullenix and Councilmen; Jeff Adams, Jeff Hardman, Joe Jarrell, Richard Kerns and Tim Webber also Larry Beall, Paul Beall, Ronnie Nutt, Connie Dale, Dr. Tarrin P. Lupo, Kathy Ware, Clyde Post , Roger Garrett, Billie C. Cox, Dennis Dye, Lyle Bartlett, Jennifer Matheny and Kent Spellman.

The mayor called the meeting to order and made the following statement;

"After having served as Mayor of Harrisville for the past 18 years and in thinking about the Mass Convention and possibility of being nominated for mayor again, I have reflected on the past accomplishments and the projects now under way.

I am extremely proud of the projects we have completed and I think we have positioned Harrisville and Ritchie County to move into a bright future in the 21st century. When I say we, I mean all the councils I have had the pleasure of working with the many other local, state and national officials who have worked with us.

In looking at the projects now underway and the proposed projects upcoming, I feel it is my duty to continue serving as mayor for another term, if elected and therefore am accepting the nomination for Mayor.

Thanks to the people of Harrisville for their past confidence in me and if elected, I promise to be the best mayor I can be."

The minutes of the February 13, 2001 were approved as presented.

Agenda Change of Order:

The mayor noted that Bond Counsel Representative, Samme Gee was here from Charleston and due to the inclement weather and the length of drive back, he requested that we move the first reading of the proposed bond ordinance from New Business to this point in the meeting. Jarrell moved to grant the request, Adams seconded the motion which carried by unanimous vote.

First Reading of Proposed Bond Ordinance:

Samme Gee, Jackson & Kelly PLLC, Bond Counsel, explained the procedure of readings of the ordinance, the public hearing and the publications of same. She also noted that the debt service incurred by the project would be $638,000 for twenty (20) years at two percent (2 %) interest with an additional one percent (1%) for administrative fee. She also read the petition of the Sanitary Board to Council to enact the ordinance. (A copy of the petition is on file and recorded in the minutes of the meeting of the Sanitary Board on March 12, 2001.) Discussion continued and the mayor called for the first reading of the proposed bond ordinance. Kerns moved to approve the bond ordinance on the first reading, Hardman seconded the motion which carried by unanimous vote.

Citizens Comments and/or Requests:

Recorder - reported on the Municipal League's Legislative Mid-Winter Conference that she and Shelia Collins attended in February and thanked council for permitting them to attend.

Mayor's Report:

Hughes River Water Board - Meeting was held Mar. 12th, and it was reported that they had the first "pour" on the dam that day, the tanks were advertised for bids and the lines would be ready to go to bid as soon as the certification of the land rights was submitted and the plant start up could be in April.

Sanitary Board - Meeting held March 12th, plant operating good, test results are good, approved invoices submitted, approved the recommendation of the selection of the contractor for the Re-hab project and petitioned council to approve Proposed Bond Ordinance. O.I.T. Duane Jones completed Class I Operator training and passed the test. He will receive his certificate upon completion of 2000 hours at the plant.

Sewer "Re-hab" Project - The bid came in under the estimate and there were 13 bids submitted. The remaining funds can be used for additional work that is needed.

M.O.V.M.A Dinner Meeting - will be Mon. Mar. 19, 2001, at North Bend State Park Lodge with Harrisivlle and Cairo hosting the meeting and WesBanco sponsoring the dinner. He invited council to attend.

H.A.D.C. will be holding a public meeting at the field house on March 15, 2001, at 7:00pm to receive input on renovations to the building.

Charter Communications - sent a letter of notification of the merging of company assuring service would continue.

Old Business:

Emergency Heat/Lighting and Telephone System -

The recorder noted that after exploring various options, the installation of an emergency heating system was cost prohibitive at this time and emergency lights could be placed in the building at a more cost effective manner as well as the battery back-up phone system. The current phone system has been in place many years and it is had to find parts for repair. Roger Garret commented on the findings as well and said he would present a cost estimate for the battery lights at a later date.

Telephone System - the recorder presented a cost estimate of replacing the telephones, with the addition of a battery back-up system for $94.30 per month which is only approx. $10.00 more than we are paying now with the battery back-up. The new system would require a one time installation charge of $270.00. Discussion held, Kerns moved to have the new system installed, Hardman seconded the motion which carried by unanimous vote.

Park Ball Field Lights: The lights have been ordered and approx. $4500 have been received in donations for them to date.

Park Work Day: March 17, 2001 with March 24, 2001 set as a rain date. The Park Commission would appreciate all volunteers that could come out to help.

Park Concession Stand Management: Cheryl Gregg Smith will manage the "little concession stand" and it will operate as in the past. It will be open every day.

Proposed Water Line Extensions: Route 16 (toward Smithville) Pullman Road, Route 16 (toward Ellenboro) and Route 31 (toward Cairo) - the petitions and maps are ready to be circulated.

New Business:

Proposed Budget for Fiscal Year 2001-2001 -

The recorder presented copies to council for review. The General Fund Budget total was $ 590696 and the Coal Severance Fund Budget was $ 47,000.

Meeting Schedule: March 20, 2001 - Special Session: Second reading of Sewer Bond Ordinance and adoption of the budget.

April 10, 2001 - Regular Session: Public Hearing on Bond Ordinance, adoption of the ordinance and other regular business.

April 17, 2001 - Special Session: to lay the Levy Rates for Fiscal Year 2001-2001.

Charter Communication TV Cable Co. Kerns moved to sign the agreement for change of ownership, Jarrell seconded the motion which carried by unanimous vote. The mayor also read a letter stating the availability of Digital Service with the company. Discussion held and Bill Cox and Dennis Dye stated that the current service and reception was very poor and asked if the town could do anything about it. The recorder also noted she also had a problem and had received numerous calls from other residents who she advised to call the company and register a complaint. The mayor said he would send a letter to the company advising them of the situation and requesting a representative to attend the next council meeting to discuss the problem.

Water Tank Property Deed - the mayor presented the document deeding the property the town owns, where the water tanks are located, over to the Hughes River Water Board. Discussion held, Kerns moved to approve, Adams seconded the motion which carried by unanimous vote.

Sewer "Re-hab" Contractor - the mayor presented the following resolution;

WHEREAS, the Town of Harrisville advertised for and received bids on February 15, 2001, for the construction contract for their Sewer System Rehabilitation project, and,

WHEREAS, the consulting engineers, Cerrone Associates, have reviewed the submitted bids and issued their award recommendations to the Sanitary Board in a letter dated March 15, 2001; and,

NOW THEREFORE BE IT RESOLVED that the Harrisville Town Council hereby authorizes Mayor Alan R. Haught to execute Notices of Award to the following contractor:

Rover Construction Inc. $315,022.00

Kerns moved to adopt the resolution, Webber seconded the motion which carried by unanimous vote.

Business Licenses Issued:

1. Mario Grippo, 920 E. Main Street, Mario's Pizza III, Restaurant

2. Dr. Terrin P. Lupo, 605 North Street, Lupo Chiropractic

Approved Building Permit Applications:

1. Amanda Seese, Rt. 1, Box 104B (Westend Place) 8 x 16 Storage bldg., 20 feet from the right of way.

2. Donald Tichnell, 554 Cooper Street, 20 x 8 front porch, 100 feet from the right of way.

3. Harrison Street United Methodist Church, 601 Harrison Street, 40 x 5 entrance ramp, 25 feet from right of way.

Christmas Light Grant/Committee:

Linda Campbell has written a grant to secure funding for repair and replacement of Christmas lights and the grant requires a committee in place for same. Mayor Haught appointed; Mary Ellen Beall, Linda Campbell, Jeff Hardman, Melvin Yapp and John Burwell.

Audit: The State Tax Department has submitted the paperwork for securing an audit for the fiscal year 1999-2000 and 2000-2001. The mayor announce that he, the recorder and Joe Jarrell would serve as the committee to select a firm if there were no objections. None were presented.

Mass Convention: The mass convention was held prior to this meeting and Paul Beall and Alan Haught were nominated for mayor and Joe Jarrell and Tim Webber were nominated for council seats. The election will be Tuesday, June 12, 2001.

Bills: Jarrell moved to allow payment of the invoices presented, Webber seconded the motion which carried by unanimous vote.

The mayor requested an executive session to discuss personnel, Jarrell moved to grant the request, Webber seconded the motion which carried by unanimous vote.

Council recessed at 8:30 p.m..

Executive Session:

Council retired to executive session at 8:45 p.m.

Council returned to regular session at 9:45 p.m.

Kerns moved to continue advertising to accept applications and/or resumes for the position of police officer in the Parkersburg and Clarksburg newspapers. Webber seconded the motion which carried by unanimous vote.

Kerns moved to adjourn, Jarrell seconded the motion which also carried by unanimous vote.

The meeting adjourned at 9:50 p.m..

Recorder

Mayor

COUNCIL
SPECIAL SESSION

MARCH 20, 2001

The Council for the Town of Harrisville met in regular session, Tuesday. March 20, 2001, 7:30 p.m., in the meeting room. Attending were: Mayor Alan R. Haught, Recorder Donna Rae Mullenix and Councilmen: Jeff Adams, Jeff Hardman, Joe Jarrell, Richard Kerns and Tim Webber.

The mayor called the special session to order and stated the purpose of the special session was to have the second reading of the Bond Ordinance and to adopt the budget for the General Fund and Coal Severance Fund for the fiscal year 2001-2002.

Second Reading of the Sewer Revenue Bond Ordinance - Webber moved to read by title, Jarrell seconded the motion which carried by unanimous vote. The recorder read:

TOWN OF HARRISVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Kerns moved to approve the second reading of the ordinance, Webber seconded the motion which carried by unanimous vote.

Budget for Fiscal Year 2001-2002 -

The recorder note she was off $3.00 on the taxes to be received and found a minor error in the proposed budget presented at the prior meeting and according to the estimate for the unencumbered balance the budgets were as follows;

General Fund	$ 581,699
Coal Severance Fund	$ 47,000

Discussion continued and the unencumbered balances will be changed, to the actual balances on July 1, 2001, with the budget revisions required by the State Tax Department in July 2001.

Kerns moved to adopt the General Fund Budget as presented, Jarrell seconded the motion which carried by unanimous vote.

Kerns moved to adopt the Coal Severance Budget as presented, Adams seconded the motion which carried by unanimous vote.

Jarrell moved to recess this budget session to reconvene on Tuesday April 17. 2001, Kerns seconded the motion which also carried by unanimous vote.

The meeting adjourned at 8:50 p.m..

Recorder

Mayor

Jarrell moved to adjourn, Kerns seconded the motion which carried by unanimous vote.
The meeting adjourned at 9:00 p.m..

Donna Rae Mullenix
Recorder

Alan R. Haught
Mayor

COUNCIL
SPECIAL SESSION

APRIL 18, 2000

The council for the Town of Harrisville met in Special Session, Tuesday, April 18, 2000, at 7:30 p.m., in the meeting room.

Attending were: Mayor Alan Haught, Recorder Donna Rae Mullenix and Councilmembers; Jeff Adams, Jeff Hardman, Joe Jarrell and Tim Webber (Kerns absent) also Myrna Williams.

The mayor called the reconvened session to order and stated the purpose of the special session was to lay the levy rates for the fiscal year 2000-2001, present a sewer rate increase and to consider a change order for the Rt. 31 water line extension project.

Levy Rates:

	Ad Valorem Taxes	Excess Levy
Class I	**12.50 ¢**	**6.25 ¢**
Class II	**.25 ¢**	**12.50 ¢**
Class IV	**.50 ¢**	**.25 ¢**

This rate is for every $100 of assessed valuation of each class of property.

Discussion held, Jarrell moved to set the rates as presented and approved by the State Tax Department, Webber seconded the motion which carried by unanimous vote.

Ordinance for Increase of Sewer Rates:

1st Reading, the recorder read the ordinance in entirety. The current rate of $4.40 per customer charge remains unchanged The current rate of $2.20 for each 1000 gallon of water used will increase to $3.90 for each 1000 gallon, an increase of $1.70 per 1000 gallon. The plat rate of $14.40 for users of sewer that do not have water service will increase to $21.90. Discussion held, Hardman moved to accept the ordinance on the first reading as presented and to file the "Convenience and Necessity" paperwork with the Public Service Commission as required. Adams seconded the motion which carried by unanimous vote. The second reading and proposed adoption of the ordinance will be held at the council meeting May 9, 2000. In the meantime a public hearing for same will be advertised and posted to also be held prior to the meeting May 9th.

Change Order No. 3, Rt. 31 Water Project:

The extension of 950 feet of 2" PVC line, gate valve fittings and reclamation to two customers and possible a 3rd, at the cost of $7929.30, which would come from contingency funds. The mayor recommended doing this extension. Jarrell moved to approve the change order, Webber seconded the motion which carried by unanimous vote.

Jarrell moved to adjourn, Hardman seconded the motion which carried by unanimous vote.

Donna Rae Mullenix
Recorder

Alan R. Haught
Mayor

PUBLIC HEARING

MAY 9, 2000 - 7:30 P.M.

A public hearing was advertised to be held on the above time and date to hear comments and/or objections to the proposed sewer rate increase ordinance. Attending: Mayor Alan Haught, Recorder Donna Rae Mullenix, Councilmembers; Jeff Adams, Jeff Hardman, Joe Jarrell, Richard Kerns and Tim Webber also Jennifer Gregg, Pennsboro News.

The mayor called the public hearing to order and stated the purpose of the meeting was to hear comments and/or objections to the proposed sewer rate increase. No comments and/or objections were presented. The recorder noted that there were none received in the office prior to the public hearing. The public hearing was advertised as required and notices of the proposed rates were posted at the Municipal Building where customers would see them when they came in to pay bills, attend other scheduled meetings and/or to conduct other business.

The mayor declared the public hearing closed at 7:20 p.m..

Donna Rae Mullenix
Recorder

Alan R. Haught
Mayor

COUNCIL

MAY 9, 2000

The Council for the Town of Harrisville met in regular session, Tuesday, May 9, 2000, 7:30 p.m., in the meeting room. Attending: Mayor Alan Haught, Recorder Donna Rae Mullenix, Councilmembers; Jeff Adams, Jeff Hardman, Joe Jarrell, Richard Kerns and Tim Webber also Jennifer Gregg, Delbert and Seth Smith, Roger Garrett and Chief Chris Cogar.

The mayor called the meeting to order and the minutes of the April meetings were approved as presented.

CITIZEN COMMENTS AND/OR REQUESTS:

Delbert Smith, Liberty Ave. addressed council in regard to upgrading playground equipment at the municipal park. He noted that the existing equipment was out dated and in need of repair. He would be willing to meet with the park commission and work toward raising funds or securing for the new equipment. The play areas he had in mind run from $18,000 to $35,000. The recorder noted that two riding toys in the tot lot had been replaced this spring.

Delbert Smith for Amber West: a request that the tennis courts be made into a roller blade court since that wasn't many people playing tennis at this time.

Councilman Kerns, noted that appeared to be some new construction being done in Harris Addition without approved building permits and noted these should be dealt with according to ordinance specifications.

Councilman Adams, noted he had received complaints of areas in Harris Addition needing notices to clean up property.

MAYOR'S REPORT:

Rt. 16 Sewer: Still waiting to receive a resubmittal for the grinder pump ship drawing for the Mullens grinder pump. Once received and installed, the work will be fully complete. The engineers are sending a WV Dept. of Tax and Revenue Request for Tax Release for the Contractor. A final minor adjustment change order may also be written to finalize the take off quantities. Once this is done, the contract may close out.

Sewer System Rehab: Plans and Specs. have been approved by the DEP. The PSC application was submitted last week and the contract is expected to go to bid later this summer.

Rt. 31 Water: Contractor has completed line installation and service connections. Lines are being filled, chlorinated and tested this week. Substantial Completion should be issued in the next couple of weeks. Additional surface restoration work needs to be performed, including ditch excavation and seeding.

Hughes River Water Board: Met Monday, May 8, 2000. General discussion held with no new developments at this time.

UNFINISHED BUSINESS:

✓ * **2nd Reading of Ordinance for Increasing Sewer Rates;**

Kerns moved to read the ordinance by title, Hardman seconded the motion which carried by unanimous vote. The Recorder read: "AN ORDINANCE OF THE COUNCIL OF THE TOWN OF HARRISVILLE, ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE FOR CONSUMERS OF THE SEWER SYSTEM OF THE TOWN OF HARRISVILLE, RITCHIE COUNTY, WEST VIRGINIA. Kerns moved to adopt the ordinance, Adams seconded the motion which carried by unanimous vote.

* It was noted that no one appeared to comment or object at the public hearing held before this meeting.

NEW BUSINESS:

Rt. 31 Water Project - Requisition No. 4

J.C. Bosley Construction, Inc.,	Construction (Est. #3)	$ 56,273.25
Ira M. Haught,	Legal Service	1,050.00
Cerrone Associates, Inc.,	Construction Admin.	8,441.43
	Resident Inspection	
	Total	**$ 65,765.68**

Kerns moved to approve the drawdown as presented, Webber seconded the motion which carried by unanimous vote.

Building Permits Issued (approved by Supt. John Burwell and Councilman Jarrell)

#746	Bryan Snodgrass, Rock Camp Rd.,	Garage,	200 feet from street right of way
#747	Elbert Testerman, 733 S. Spring St.	House	20 feet from right of way
#748	Calvary Bible Baptist Church, S. Spring St.	Room Addn,	70 feet from street right of way
#749	Willis Jones, Harris Addn.	Front Porch	30 feet from street right of way

Flushing of Fire Hydrants: Will be on Tuesday, May 23rd, a notice will be published.

Bills: Jarrell moved to allow payment of invoices presented, Hardman seconded the motion which carried by unanimous vote.

Kerns requested an executive session for the purpose of planning and moved to retire to executive session, Jarrell seconded the motion which carried by unanimous vote. Council retired to executive session at 8:05 p.m.

Executive Session, 8:05 p.m. to 8:27 p.m..

Council returned to regular session at 8:27 p.m. There was no further business taken care of. Jarrell moved to adjourn, Webber seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:30 p.m..

Donna Rae Mullins
Recorder

Mayor

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF RITCHIE, to-wit:

I, Kent R. Spellman, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled RITCHIE GAZETTE AND THE CAIRO STANDARD, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state, that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

An Ordinance of the Council of the Town of Harrisville

was duly published in said newspaper once a week for two successive weeks commencing with the issue of the 27th day of April 2000 ,and ending with the issue of the 4th day of May, 2000, and that the cost of publishing said annexed notice was

$187.79

/s/ Kent Spellman
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 8th day of May, 2000

Carla D. Warden
Notary Public of Ritchie County, West Virginia

My commission expires March 12, 2007

AN ORDINANCE OF THE COUNCIL OF THE TOWN OF HARRISVILLE, ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE FOR CONSUMERS OF THE SEWER SYSTEM OF THE TOWN OF HARRISVILLE, RITCHIE COUNTY, WEST VIRGINIA

WHEREAS, the Town of Harrisville, Ritchie County, West Virginia, at the present operates a municipal sewer system in accordance with provisions of Section I of Article 19 of Chapter 8 of the Code of West Virginia of 1931, as amended; and,

WHEREAS, the Council of the said Town of Harrisville has determined that the rates presently being charged for sewer service from said municipal sewer system are not adequate to defray the total cost of operation thereof; and,

WHEREAS, the Council of the said Town of Harrisville, being the governing body thereof, determines that the schedule of charges set forth in this Ordinance are just, reasonable, applied without unjust discrimination or preference and based primarily upon the cost of providing such services.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Harrisville, as follows:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DETERMINATIONS

SECTION 1. This ordinance is enacted pursuant to the provisions and requirements of Section 13 of Article 13 of Chapter 8 of the Code of West Virginia of 1931, as amended, and all other applicable provisions of law.

SECTION 2. It is hereby found, determined and declared as follows:

That the rates now in existence for the furnishing of sewer service are not adequate to pay for the construction of the Town's Sewer Rehabilitation Project for the Town of Harrisville and the operation and maintenance of this facility, to provide an adequate depreciation fund and to make other payments which are required by ordinance and the hereinafter established rates, charges and delayed penalty charges are just, reasonable, applied without discrimination or preference and based primarily upon the costs of providing service.

ARTICLE II

ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE

Ordinance Number (Chapter 21, Article II, Division I, II, and III) of the Harrisville Municipal Code, passed on May 9, 1989, is hereby repealed and replaced with the following provisions, to-wit:

SECTION 1. The following rates, charges and delayed penalty charges shall be and they are hereby fixed and determined as the rates, charges and delayed penalty charges to be charged customers of the sewer system of the Town of Harrisville throughout the entire territory served.

SECTION 2.

(a) Applicability: This schedule shall apply to service in the entire territory served by the sewer system of the Town of Harrisville.

(b) Availability of Service: All sewer customers served by the sewer system of the Town of Harrisville, whether for domestic, commercial or industrial purposes, shall pay rates in accordance with the schedule established herein.

(c) Rates:

1. Customer Charge: Each customer of the sewer system shall pay a monthly customer charge of $4.40.

2. Commodity Charge: Each customer of the sewer system shall pay a charge of $3.90 for the first thousand gallons of water used and each and every thousand gallons used thereafter.

3. Tap Fee: That a tap fee of $225.00 shall be charged to any new customer requesting service. The utility shall make tap and extend services to the property line and install a meter setting.

4. All customers not served by the water works system of the Town of Harrisville shall, as a condition to being or remaining connected to the sewer system, pay a montly charge of $21.95. If any flat rate sewer bill is not paid within 30 days after the date of mailing thereof, a lien will be placed against the property and the charge will be prosecuted through the judicial system.

Pursuant to Section 3.00 of the Public Service Commission of West Virginia "Rules and Regulations for the Government of Sewer Utilities" the discontinuation of sewer service, a notice c such discontinuation shall be personally serve upon the customer by any policeman of the Tow of Harrisville, or the Mayor or any member of th Council or Clerk, or the same shall be posted in prominent place upon the premises served. Sewe service will not be restored until all past due sewe bills have been paid in full and all accrue penalties plus a reconnection charge of $20.C shall be paid.

8. Multiple Occupancy: The operators c apartment buildings or other multiple occupanc buildings may require separate metering for eac unit therein. Alternatively, buildings may b provided with a master meter, in which case th charge for sewer service shall be the actual charg for sewer service used according to the schedu set forth herein.

9. Trailer Courts: The operators of house trail courts may require separate metering for each si upon which a house trailer may be se Alternatively, house trailer courts may be provide with a master meter, in which case the charge f sewer services to such house trailer court shall b the actual charge for sewer used according to th schedule set forth herein. House trailers, as use herein shall include both mobile and immobi units.

SECTION 3. That the rate or schedule, charg or delayed payment charges established ar affixed herein shall be effective for all sew services provided after the fifteenth day of Ju 2000.

SECTION 4. All ordinance, resolutions orders or parts thereof in conflict with the provi of this ordinance are, to the extent of such con hereby repealed effective on the 15th day of J 2000.

SECTION 5. The Mayor of the Town Harrisville is hereby authorized and directe have prepared and filed with the Public Ser Commission of West Virginia, the sewer ser rates as herein ordained and to perform all required by the statutes and the laws of the S and the rules and regulations of the Public Ser Commission of West Virginia pertainin municipal sewer rates.

SECTION 6. The Clerk is hereby author and directed to make monthly billings to customers of the sewer system in accordance the schedule of rates set forth herein for se service provided after the 15th day of July, 200

SECTION 7. If any provisions hereof sha invalidated by any Court or regulatory ag having jurisdiction, such provision shall severable and the remainder of this ordina shall remain in full force and effect until such C or agency finds that the purposes hereof woul substantially frustrated by such severance.

DATE OF FIRST READING: Accepted 4/18/
DATE OF SECOND READING: May 9, 200

ALAN R. HAUGHT, MAYOR OF THE TOWN OF HARRISVILLE

c4/27

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF RITCHIE, to-wit

I, Kent R. Spellman, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled RITCHIE GAZETTE AND THE CAIRO STANDARD, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state, that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Public Hearing

was duly published in said newspaper once a week for two successive weeks commencing with the issue of the 27th day of April 2000 ,and ending with the issue of the 4th day of May, 2000, and that the cost of publishing said annexed notice was

$39.94

/s/ Kent R. Spellman
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 8th day of May, 2000

Carla D. Wolden
Notary Public of Ritchie County, West Virginia

My commission expires March 12, 2007.

PUBLIC HEARING

The Town of Harrisville will hold a PUBLIC HEARING in regard to AN ORDINANCE OF THE COUNCIL OF THE TOWN OF HARRISVILLE, ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE FOR CONSUMERS OF THE SEWER SYSTEM OF THE TOWN OF HARRISVILLE, RITCHIE COUNTY, WEST VIRGINIA, on

TUESDAY, MAY 9, 2000, 7:00 PM,
Municipal Building at 1501 E. Main Street.

The purpose of the Public Hearing is to receive public input and comments on the proposed sewer rate. The average monthly bill for the various classes of customers will be changed as follows:

	($) Increase	Increase (%)
Residential (based on 3,000 gallons/mo)	$ 5.10	46%
Commercial (based on 36,000 gallons/mo)	$ 61.20	73%
Industrial (based on 200,000 gallons/mo)	$ 340.00	76%
Flat Rate (based on 4,500 gallons/mo)	$ 21.95	66%

A copy of the Ordinance is available and may be reviewed in the Recorder's Office, at the Municipal Building, 1501 E. Main Street, Monday through Friday between the hours of 8:30 a.m. and 4:00 p.m.

Any interested party may appear and be heard at the meeting with respect to the ordinance which is proposed for the second reading and adoption on

Tuesday, May 9, 2000, 7:30 p.m.
(during the council meeting)

HARRISVILLE TOWN COUNCIL
Alan R. Haught, Mayor

c4/27-5/4

OFFICIAL SEAL
NOTARY PUBLIC STATE OF WEST VIRGINIA
CARLA D. WOLDEN
RITCHIE GAZETTE
P.O. BOX 215
HARRISVILLE, WV 26362
My Commission Expires March 12, 2007

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF RITCHIE, to-wit:

I, Kent R. Spellman, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled RITCHIE GAZETTE AND THE CAIRO STANDARD, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication, that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state, that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Public Notice of Change in Rates By Municipalities

was duly published in said newspaper once a week for two successive weeks commencing with the issue of the 11th day of May 2000 ,and ending with the issue of the 18th day of May, 2000, and that the cost of publishing said annexed notice was

$73.38

/s/ _____
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 22nd day of May, 2000.

Carla D. Worden
Notary Public of Ritchie County, West Virginia

My commission expires March 12, 2007.

Municipal Rate Change Form No. 1

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the TOWN OF HARRISVILLE, a public utility, has adopted by ordinance on May 9, 2000, a tariff containing (increased) rates, and charges for furnishing sewer service to its customers in the Town of Harrisville and in the County of Ritchie.

The proposed increased rates and charges will become effective July 15, 2000, unless otherwise ordered by the Public Service Commission of West Virginia and will produce approximately $71,724 annually in additional revenue, an increase of approximately 51%. The average monthly bill for the various classes of customers will be changed as follows:

	$ (Increase)	Increase (%)
Residential (based on 3,000 gallons/mo)	$ 5.10	46%
Commercial (based on 36,000 gallons/mo)	$ 61.20	73%
Industrial (based on 200,000 gallons/mo)	$340.00	76%
Flat Rate (based on 4,500 gallons/mo)	$ 21.95	66%

The increased rates are based on averages of all customers in the indicated class. Furthermore, the requested rates and charges are only a proposal and are subject to change (increase or decrease) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent (25%) of the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the Town of Harrisville to provide any information requested concerning it, is available to all customers, prospective customers or their agents at the Municipal Building, 1501 E. Main Street, Harrisville, during regular business hours.

A copy of the proposed rates is available for public inspection at the office of the Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

c5/11-18

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
CARLA D. WORDEN
THE RITCHIE GAZETTE
P.O. BOX 315
HARRISVILLE, WV 26362
My Commission Expires March 12, 2007

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

PETITION OF SANITARY BOARD

TO THE COUNCIL OF THE TOWN OF HARRISVILLE, WEST VIRGINIA:

Pursuant to the provisions of Chapter 16, Article 13, Section 5 of the Code of West Virginia, 1931, as amended, the Sanitary Board (the "Sanitary Board") of the Town of Harrisville, West Virginia (the "Issuer"), which was established pursuant to an ordinance passed by the Council of the Issuer (the "Council") on May 9, 1989, hereby petitions the Council to enact an ordinance which shall:

(a) set forth a brief and general description of the additions, betterments and improvements to the existing public sewerage system (the "System") of the Issuer, consisting of approximately 3,960 linear feet of 8-inch gravity sewer replacement, 1,405 linear feet of 6-inch gravity sewer replacement, 50 manhole repairs and 6 manhole replacements, together with all appurtenant facilities (the "Project"), in accordance with plans and specifications prepared and filed by the engineers chosen by the Sanitary Board (the "Consulting Engineers");

(b) set forth the costs of the Project estimated by the Consulting Engineers;

(c) order the construction or acquisition of the Project;

(d) direct that sewer revenue bonds of the Issuer be issued pursuant to Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended, in an aggregate principal amount not to exceed $1,000,000, or in such other amount as is necessary to acquire and construct the Project; and

(e) contain such other provisions as may be necessary in the premises.

The Sanitary Board respectfully represents to the Council that, during the construction of the Project, one of the two persons appointed to the Sanitary Board by the Council must be a registered professional engineer.

WITNESS our signatures on this 12th day of March, 2001.

SANITARY BOARD OF THE TOWN OF HARRISVILLE

Alan R. Haught

Chairman

Ronald R. Nutt

Member

Milton E. Williams

Engineer-Member

02/21/01
004812/00304

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TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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TOWN OF HARRISVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of sewer line replacements and manhole repairs and replacements, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund, pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), in the aggregate principal amount of not more than $1,000,000 (the "Series 2001 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2001 A Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2001 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts

expended by it for allowable costs prior to the issuance of the Series 2001 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 25 years.

F. It is in the best interests of the Issuer that its Series 2001 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 A Bonds as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1990, dated April 17, 1990, issued in the original principal amount of $618,000 (the "Prior Bonds").

The Series 2001 A Bonds shall be issued on a parity with the Prior 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 2001 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holder of the Prior Bonds to the issuance of the Series 2001 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2001 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein and in the Prior Ordinance.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, the issuance of the Series 2001 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof, by the Infrastructure Council and obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have

expired prior to the issuance of the Series 2001 A Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2001 A Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2001 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2001 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2001 A Bonds for all or a portion of the proceeds of the Series 2001 A Bonds from the Authority.

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

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

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

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

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

"DEP" means 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 to the functions of the DEP.

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

"Depreciation Account" means the Depreciation Account created by the Prior Ordinance and continued hereby.

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

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

"Governing Body" means the council of the Issuer, as it may now or hereafter be constituted.

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

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

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

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

"Infrastructure Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Infrastructure Council.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means the Town of Harrisville, a municipal corporation and political subdivision of the State of West Virginia, in Ritchie County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2001 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2001 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2001 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts

resulting from the investment of proceeds of the Series 2001 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all 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.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2001 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990, dated April 17, 1990, issued in the original principal amount of $618,000.

"Prior Ordinance" means the ordinance of the Issuer enacted on March 26, 1990, as supplemented by the supplemental resolution of the Issuer adopted April 10, 1990, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account, all as determined by the Code.

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 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 Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Series 2001 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2001 A Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinance and continued hereby.

"Series 2001 A Bonds" means the Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2001 A Bonds Construction Trust Fund" means the Series 2001 A Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2001 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 A Bonds in the then current or any succeeding year.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Series 2001 A Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2001 A Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2001 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2001 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2001 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed $1,000,000, accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated not to exceed $1,000,000, which will be obtained from proceeds of the Series 2001 A Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2001 A Bonds, funding a reserve account for the Series 2001 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2001 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2001 A Bonds of the Issuer. The Series 2001 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program)," in the principal amount of not more than $1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 A Bonds remaining after funding of the Series 2001 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2001 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2001 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2001 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2001 A Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 A Bonds. The Series 2001 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments

of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2001 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2001 A Bonds shall cease to be such officer of the Issuer before the Series 2001 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2001 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2001 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2001 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2001 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2001 A Bonds or transferring the registered Series 2001 A Bonds are exercised, all Series 2001 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2001 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2001 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2001 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2001 A Bonds or, in the case of any proposed redemption of Series 2001 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall

be payable solely from the Net Revenues derived from the System as herein provided. No Holder or Holders of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2001 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 Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2001 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2001 A Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 A Bonds to the original purchasers.

Section 3.10. Form of Bonds. The text of the Series 2001 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
SEWER REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest and SRF Administrative Fee on this Bond are payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2001.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2001, and a Supplemental Resolution duly adopted by the Issuer on _____, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990, DATED APRIL 17, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $618,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2001 A Bonds Reserve Account"), and unexpended proceeds of this Bond. 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 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 hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair

and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or

statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2001.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2001.

_____

_____, as Registrar

_____

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and ratified and incorporated into this Bond Legislation. The Series 2001 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, 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, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the DEP, a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (created by the Prior Ordinance);

(2) Depreciation Account (created by the Prior Ordinance);

(3) Renewal and Replacement Fund; and

(4) Series 2001 A Bonds Construction Trust Fund.

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

(1) Series 2001 A Bonds Sinking Fund; and

(2) Series 2001 A Bonds Reserve Account.

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

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

(2) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Ordinance, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of interest on the Series 2001 A Bonds, for which interest has not been capitalized or as required in the Loan Agreement, shall remit to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2001 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Ordinance, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2001 A Bonds, shall remit to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 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 2001 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the reserve account payments into the Reserve Account of the Prior Bonds in the amounts and on the dates required by the Prior Ordinance, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2001 A Bonds, if not fully funded upon issuance of the Series 2001 A Bonds, shall remit to the Commission for deposit in the Series 2001 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 A Bonds

Reserve Requirement; provided that, no further payments shall be made into the Series 2001 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 2001 A Bonds Reserve Requirement.

(5) Next, from the moneys in the Revenue Fund, the Issuer shall make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Ordinance.

(6) Next, from the moneys in the Revenue Fund, the Issuer shall remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments into the Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, additions, betterments, 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.

(7) If all of the above required payments are then current, the Issuer may use any moneys remaining in the Revenue Fund for the following purposes: (a) for prepayment of the amount, or any part thereof, of the Bonds Outstanding in accordance with the terms thereof, (b) additions, betterments, replacements or improvements to the System which the Consulting Engineers certify are needed and/or (c) payments of principal and interest on subordinate revenue bonds, or other obligations which may hereafter be issued by the Issuer on account of the System.

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2001 A Bonds as the same shall become due. Moneys in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2001 A Bonds, as the

same shall come due, when other moneys in the Series 2001 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 A Bonds Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2001 A Bonds Construction Trust Fund during construction of the Project and thereafter, to the Series 2001 A Bonds Sinking Fund.

Any withdrawals from the Series 2001 A Bonds Reserve Account which result in a reduction in the balance of such account to an amount below the Series 2001 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2001 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2001 A Bonds Sinking Fund or the Series 2001 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 A Bonds issued pursuant to this Bond legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2001 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 A Bonds Sinking Fund and the Series 2001 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, the Issuer shall make the necessary arrangements whereby required payments into the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

Moneys in the Series 2001 A Bonds Sinking Fund and Series 2001 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 A Bonds Outstanding under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payments, 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 Resolution.

C. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month), commencing with the payment set forth in Section 5.03.A.(2) hereof, remit to the Commission the SRF Administrative Fee set forth in the Schedule Y attached to the Loan Agreement.

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

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

F. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges then due. If required by the Authority, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

G. 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.

H. 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.

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

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

K. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2001 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2001 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 A Bonds, there shall first be deposited with the Commission in the Series 2001 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the Series 2001 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2001 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2001 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2001 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2001 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 A Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(B) 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) Each of such costs has been otherwise properly incurred; and

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

Pending such application, moneys in the Series 2001 A Bonds Construction Trust Fund, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 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 2001 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2001 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 Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2001 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer duly enacted on May 9, 2000.

So long as the Series 2001 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2001 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the 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 Ordinance. Additionally, so long as the Series 2001 A Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 A Bonds, immediately be remitted to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, and, with the written permission of the DEP and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2001 A Bonds. Any balance remaining after the payment of the Series 2001 A 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. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of

$50,000, the Issuer shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2001 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2001 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2001 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 2001 A Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year immediately preceding the date of the issuance of such Parity Bonds, shall have been not less than 120% of the average aggregate amount which will mature or become due in any succeeding Fiscal Year for principal of and interest on the Series 2001 A Bonds, the Prior Bonds and all other bonds on a parity therewith, so long as the Prior Bonds are outstanding, and thereafter, shall have been not less than 115% of the largest aggregate amount which will mature or become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

The Net Revenues actually derived from the System hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and

charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2001 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 A Bonds.

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

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

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the 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 Issuer shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2001 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2001 A Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2001 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2001 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall 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.

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.

Section 7.09. Rates. Prior to the issuance of the Series 2001 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the

Series 2001 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2001 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2001 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in

accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent

permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2001 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the

amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code Section 38-2-39.

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State 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 matters 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 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Infrastructure Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2001 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2001 A 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.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer 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 Series 2001 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2001 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2001 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 2001 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2001 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the DEP and the Authority in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENTS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such 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, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2001 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

Section 8.02. Non Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2001 A Bonds which would cause the Series 2001 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations, and (ii) it shall 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 Series 2001 A Bonds) so

that the interest on the Series 2001 A 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. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Series 2001 A Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Series 2001 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt bonds (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Series 2001 A Bonds are issued are not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2001 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and Regulations from time to time in effect and applicable to the Series 2001 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. The Issuer shall obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary to maintain the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and 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. In addition, the Issuer shall cooperate with the Authority in preparing any required 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 Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond year, a certified copy of its rebate calculation or, if the Issuer qualifies for the small issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge which would make the Series 2001 A Bonds subject to rebate. The Issuer 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 Series 2001 A Bonds (as such term "gross proceeds" is defined in 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 Series 2001 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2001 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2001 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 A Bonds, and such default shall have continued for a period of 30 days after the Issuer or Issuer, as appropriate shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinance.

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

of the Series 2001 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2001 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2001 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2001 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2001 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2001 A Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2001 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, all ordinances, orders or resolutions and or parts thereof in conflict with the

provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance in the form set forth in Exhibit A attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Ritchie Gazette and The Pennsboro News, 2 qualified newspapers of general circulation in the Town of Harrisville, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2001 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than 10 days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. The Governing Body hereby determines that the abstract of this Ordinance as set forth in Exhibit A contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

Passed on First Reading: March 13, 2001

Passed on Second Reading: March 20, 2001

Passed on Final Reading
Following PublicHearing: April 10, 2001

Alan R. Vaught
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF HARRISVILLE on the 10th day of April, 2001.

Dated: April 11, 2001.

[SEAL]

Donna Rae Mullenix
Recorder

03/05/01
004812/00304

EXHIBIT A

TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on March 20, 2001, the Council of the Town of Harrisville (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing public sewerage system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority and the West Virginia Division of Environmental Protection (the "Loan Agreement").

3. Authorized the execution and delivery of the Loan Agreement.

4. Directed the continuation of a Revenue Fund and the disposition of the revenues of the System; provided for the payment of operating expenses; provided for the monthly payment of principal of and interest on the Bonds when due; provided for the creation of a Sinking Fund, a Reserve Account and a Renewal and Replacement

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

5. Directed the creation of a Bond Construction Trust Fund and the disbursement of Bond proceeds.

6. Provided that the Bonds shall not be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the holders of the Bonds to the Net Revenues of the System.

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

8. Provided for insurance coverage on the Project, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the Bondholders.

9. Established the events of default and the remedies of the Bondholders.

10. 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 Harrisville at a regular meeting on April 10, 2001, at 7:30 p.m., in the Council Chambers, Town Hall, Harrisville, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the Town Hall.

/s/Donna Rae Mullenix
Recorder

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF HARRISVILLE SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of the Town of Harrisville (the "Issuer") has duly and officially passed a Bond Ordinance on March 20, 2001, effective April 10, 2001 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $1,000,000 (the "Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price 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 Loan Agreement has been presented to the Issuer at this meeting;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF HARRISVILLE, 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 Ritchie Gazette and The Pennsboro News, two qualified newspapers of general circulation in the Issuer, with the first publication thereof being not less than ten (10) days before the day set by the Bond Ordinance and the Notice for the public hearing at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

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

(C) In Council chambers, Town Hall, Harrisville, West Virginia, on April 10, 2001, at 7:30 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

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

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

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original principal amount of $638,000. The Bonds shall be dated the date of delivery, shall finally mature March 1, 2022, shall bear interest at the rate of 2% per annum. The principal of and interest on the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, 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 Issuer hereby approves and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Bonds set forth in the Schedule Y attached to the Loan Agreement. 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.

Section 3. 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 4. The Issuer hereby ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, 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 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 of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 6. The Issuer hereby appoints and designates 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 hereby appoints and designates The Huntington National Bank, Harrisville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2001 A Bonds proceeds in the amount of $ -0- shall be deposited in the Series 2001 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2001 A Bonds proceeds in the amount of $ -0- shall be deposited in the Series 2001 A Bonds Reserve Account.

Section 10. The remaining proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2001 A Bonds Construction Trust Fund, as received from time to time for payment of costs of the Project, including costs of issuance of the Bonds.

Section 11. 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 Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about April 11, 2001.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer 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 Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 16. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the 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 Issuer will take all actions necessary to comply with the Code, including any regulations to be promulgated thereunder.

Section 17. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 2001, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

MINUTES ON ENACTMENT OF BOND ORDINANCE
AND ADOPTION OF SUPPLEMENTAL RESOLUTION

The undersigned Recorder of the Town of Harrisville (the "Issuer") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Issuer:

* * * * * * * * *

The Council of the Issuer met in regular session, pursuant to notice duly given, on the 10th day of April, 2001, in Harrisville, West Virginia, at the hour of 7:30 p.m.

PRESENT:	Alan R. Haught	-	Mayor
	Donna Rae Mullenix	-	Recorder
	Jeffrey L. Adams	-	Councilmember
	Jeffrey L. Hardman	-	Councilmember
	Richard D. Kerns	-	Councilmember
	Joseph W. Jarrell	-	Councilmember
	Timothy M. Webber	-	Councilmember

ABSENT: None

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it. He stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Bond Ordinance be finally enacted and put in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF HARRISVILLE SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Resolution in writing entitled:

RESOLUTION OF THE GOVERNING COUNCIL OF THE TOWN OF HARRISVILLE APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER COSTS FOR THE IMPROVEMENTS TO THE TOWN'S EXISTING SEWER SYSTEM IN RITCHIE COUNTY, WEST VIRGINIA.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Resolution be adopted and be in full force and effect on and from the date hereof.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Alan R. Haught

Mayor

* * * * * * * * *

CERTIFICATE

The undersigned Recorder hereby certify that the foregoing action of the Council remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 11th of April, 2001.

Donna Rae Mullenix

Recorder

03/28/01
004812/00304

M0338261.1

INVOICE AND AFFIDAVIT OF PUBLICATION

The Pennsboro News

PENNSBORO OFFICE
288 Clayton St.,
P.O. Box 368
Pennsboro, WV 26415
Ph. 304-659-2441 • Fax 659-3317

HARRISVILLE OFFICE
103 North Spring St.,
P.O. Box 241
Harrisville, WV 26362
Ph. & Fax 304-643-4947

WEST CENTRAL PUBLISHING
FEDERAL I.D. NO. 55-06700561
STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, to wit:

I, Kenna Fluharty, being first duly sworn upon my oath, do depose and say:

- that I am Editor of The Pennsboro News, a Democratic newspaper,
- that I have been duly authorized to execute this affidavit,
- that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipalities of Pennsboro and Harrisville, Ritchie County, West Virginia,
- that such newspaper is a newspaper of "general circulation" as defined in Art. 3, Chap. 59 of the Code of West Virginia 1931 as amended, within Pennsboro and Ritchie County;
- that such newspaper averages in length four or more pages, exclusive of any cover, per issue;
- that such newspaper is circulated to the general public at a definite price or consideration;
- that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;
- and that the annexed notice described as follows:

Sewer Revenue Bonds

WAS PUBLISHED IN SAID NEWSPAPER AS FOLLOWS:

TIMES	DATES
Two	March 28 and April 4, 2001

PUBLICATION CHARGES	$81.86

CERTIF-BILL TO
Jackson & Kelly PLLC
P.O. Box 619
Morgantown, WV 26507-0619

(signed) Kenna Fluharty

NOTARIZATION

Taken, sworn to and subscribed before me this 10TH day of April, 20 06

Randa Dare Gregg

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
RANDA DARE GREGG
ROUTE 1, BOX 247
ST. MARYS, WV 26170
My Commission Expires August 7, 2006

PLEASE RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT TO: P.O. BOX 368, PENNSBORO, WV 26415

TOWN OF HARRISVILLE
NOTICE OF PUBLIC HEARING
AND ABSTRACT OF ORDINANCE

Notice is hereby given to any person interested that on March 26, 2001, the Council of the Town of Harrisville (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing public sewerage system, the [illegible] of the cost, not exceeding [illegible] the issuance [illegible] principal [illegible] 2001 A (West Virginia [illegible] the "Bonds");

2. Directed [illegible] be issued in such principal [illegible] rate or rates, not exceeding [illegible] rate, payable quarterly [illegible] and in such amounts [illegible] in whole or in part, [illegible] or in the [illegible] the Issuer, the West Virginia Water [illegible] Authority and the West Virginia Division of Environmental Protection (the "Loan Agreements");

3. Authorized the execution and delivery of the [illegible];

4. Directed the construction of a Revenue Fund and the disposition of the revenues of the system; provided for the payment of operating expenses; provided for the monthly payment of principal of and interest on the Bonds; [illegible] for the creation of a Sinking Fund, a Reserve Account and a Renewal and Replacement [illegible]

5. Directed the [illegible] of a Bond Construction Trust Fund and the disposition of Bond proceeds;

6. Provided that the Bonds shall not be or constitute a [illegible] within the meaning of [illegible] or statutory provision or [illegible] from the Net [illegible] Net [illegible] and [illegible] to the [illegible] of the Bonds [illegible]

7. [illegible] of additional bonds;

8. Provided [illegible] of the Project, enforcement of [illegible] for the System [illegible] of the Issuer in favor of the [illegible]

9. Established [illegible] and the remedies of the Bondholders;

10. Provided for the [illegible] of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer [illegible] of the Bonds described in and [illegible] set forth in the Ordinance [illegible] may appear before the Council of the Town of Harrisville at a public hearing on April 10, 2001, at 7:30 p.m., in the Council Chambers, Town Hall, Harrisville, West Virginia, and present protests and be heard on the question of whether the above-described Ordinance shall go into effect.

A certified copy of the Ordinance as adopted by the Council is on file, with the Recorder for inspection by interested persons during the office hours at the Town Hall.

3-28,4-4R

I, Kent R. Spellman, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled RITCHIE GAZETTE AND THE CAIRO STANDARD, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of:

Notice of Public Hearing and Abstract of Bond Ordinance

was duly published in said newspaper once a week for two successive weeks commencing with the issue of the 29th day of March, 2001, and ending with the issue of the 5th day of April, 2001, and that the cost of publishing said annexed notice was

$74.48.

/s/ Kent R. Spellman
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 10th day of April, 2001

Carla D. Worden
Notary Public of Ritchie County, West Virginia

My commission expires March 12, 2007.

OFFICIAL SEAL
NOTARY PUBLIC, RITCHIE CO. WEST VIRGINIA
CARLA D. WORDEN
[illegible]
BOX 215
HARRISVILLE, WV 26362
My Commission Expires March 12, 2007

and improvements (the "Project") to the Issuer's existing public sewerage system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2001 A) West Virginia SRF Program) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates, and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority and the West Virginia Division of Environmental Protection (the "Loan Agreement").

3. Authorize the execution and delivery of the Loan Agreement.

4. Directed the continuation of a Revenue Fund and the disposition of the revenues of the System; provided for the payment of operating expenses; provided for the monthly payment of principal and of interest on the Bonds when due; provided for the creation of a Sinking Fund, a Reserve Account and a Renewal and Replacement Fund for the Bonds; and provided for the use of excess funds of the System.

5. Directed the creation of a Bond Construction Trust Fund and the disbursement of Bond proceeds.

6. Provided that the Bonds shall not be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the holders of the Bonds to the Net Revenues of the System.

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

8. Provided for insurance coverage on the Project, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the Bondholders.

9. Established the events of defaulting and the remedies of the Bondholders.

10. 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 Harrisville at a regular meeting on April 10, 2001, at 7:30 p.m., in the Council Chambers, Town Hall, Harrisville, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the Town Hall.

/s/Donna Rae Mullenix
Recorder

03/29 4/5

NUMBER

AR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
SEWER REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

No. AR- 1 **SPECIMEN** $638,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie 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 SIX HUNDRED THIRTY EIGHT THOUSAND DOLLARS ($638,000) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest and SRF Administrative Fee on this Bond are payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated March 13, 2001.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on April 10, 2001, and a Supplemental Resolution duly adopted by the Issuer on April 10, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990, DATED APRIL 17, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $618,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2001 A Bonds Reserve Account"), and unexpended proceeds of this Bond. 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 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 hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable

expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State

of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

NUMBER

AR-1

IN WITNESS WHEREOF, the TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated April 11, 2001.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Recorder

NUMBER

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 11, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 60,321	4/11/01	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

Town of Harrisville (West Virginia)

Loan of $638,000
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: April 11, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2001	-	-	-	-
9/01/2001	-	-	-	-
12/01/2001	-	-	-	-
3/01/2002	-	-	-	-
6/01/2002	6,506.00	2.000%	3,190.00	9,696.00
9/01/2002	6,538.00	2.000%	3,157.47	9,695.47
12/01/2002	6,571.00	2.000%	3,124.78	9,695.78
3/01/2003	6,604.00	2.000%	3,091.93	9,695.93
6/01/2003	6,637.00	2.000%	3,058.91	9,695.91
9/01/2003	6,670.00	2.000%	3,025.72	9,695.72
12/01/2003	6,703.00	2.000%	2,992.37	9,695.37
3/01/2004	6,737.00	2.000%	2,958.86	9,695.86
6/01/2004	6,771.00	2.000%	2,925.17	9,696.17
9/01/2004	6,804.00	2.000%	2,891.32	9,695.32
12/01/2004	6,838.00	2.000%	2,857.30	9,695.30
3/01/2005	6,873.00	2.000%	2,823.11	9,696.11
6/01/2005	6,907.00	2.000%	2,788.74	9,695.74
9/01/2005	6,942.00	2.000%	2,754.21	9,696.21
12/01/2005	6,976.00	2.000%	2,719.50	9,695.50
3/01/2006	7,011.00	2.000%	2,684.62	9,695.62
6/01/2006	7,046.00	2.000%	2,649.56	9,695.56
9/01/2006	7,081.00	2.000%	2,614.33	9,695.33
12/01/2006	7,117.00	2.000%	2,578.93	9,695.93
3/01/2007	7,152.00	2.000%	2,543.34	9,695.34
6/01/2007	7,188.00	2.000%	2,507.58	9,695.58
9/01/2007	7,224.00	2.000%	2,471.64	9,695.64
12/01/2007	7,260.00	2.000%	2,435.52	9,695.52
3/01/2008	7,297.00	2.000%	2,399.22	9,696.22
6/01/2008	7,333.00	2.000%	2,362.74	9,695.74
9/01/2008	7,370.00	2.000%	2,326.07	9,696.07
12/01/2008	7,406.00	2.000%	2,289.22	9,695.22
3/01/2009	7,444.00	2.000%	2,252.19	9,696.19
6/01/2009	7,481.00	2.000%	2,214.97	9,695.97
9/01/2009	7,518.00	2.000%	2,177.57	9,695.57
12/01/2009	7,556.00	2.000%	2,139.98	9,695.98
3/01/2010	7,594.00	2.000%	2,102.20	9,696.20
6/01/2010	7,631.00	2.000%	2,064.23	9,695.23
9/01/2010	7,670.00	2.000%	2,026.07	9,696.07
12/01/2010	7,708.00	2.000%	1,987.72	9,695.72
3/01/2011	7,747.00	2.000%	1,949.18	9,696.18
6/01/2011	7,785.00	2.000%	1,910.45	9,695.45
9/01/2011	7,824.00	2.000%	1,871.52	9,695.52
12/01/2011	7,863.00	2.000%	1,832.40	9,695.40
3/01/2012	7,903.00	2.000%	1,793.09	9,696.09
6/01/2012	7,942.00	2.000%	1,753.57	9,695.57
9/01/2012	7,982.00	2.000%	1,713.86	9,695.86
12/01/2012	8,022.00	2.000%	1,673.95	9,695.95
3/01/2013	8,062.00	2.000%	1,633.84	9,695.84

NUMBER

AR-1

Town of Harrisville (West Virginia)

Loan of $638,000

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: April 11, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2013	8,102.00	2.000%	1,593.53	9,695.53
9/01/2013	8,143.00	2.000%	1,553.02	9,696.02
12/01/2013	8,183.00	2.000%	1,512.31	9,695.31
3/01/2014	8,224.00	2.000%	1,471.39	9,695.39
6/01/2014	8,265.00	2.000%	1,430.27	9,695.27
9/01/2014	8,307.00	2.000%	1,388.95	9,695.95
12/01/2014	8,348.00	2.000%	1,347.41	9,695.41
3/01/2015	8,390.00	2.000%	1,305.67	9,695.67
6/01/2015	8,432.00	2.000%	1,263.72	9,695.72
9/01/2015	8,474.00	2.000%	1,221.56	9,695.56
12/01/2015	8,517.00	2.000%	1,179.19	9,696.19
3/01/2016	8,559.00	2.000%	1,136.61	9,695.61
6/01/2016	8,602.00	2.000%	1,093.81	9,695.81
9/01/2016	8,645.00	2.000%	1,050.80	9,695.80
12/01/2016	8,688.00	2.000%	1,007.58	9,695.58
3/01/2017	8,732.00	2.000%	964.14	9,696.14
6/01/2017	8,775.00	2.000%	920.48	9,695.48
9/01/2017	8,819.00	2.000%	876.60	9,695.60
12/01/2017	8,863.00	2.000%	832.51	9,695.51
3/01/2018	8,908.00	2.000%	788.19	9,696.19
6/01/2018	8,952.00	2.000%	743.65	9,695.65
9/01/2018	8,997.00	2.000%	698.89	9,695.89
12/01/2018	9,042.00	2.000%	653.91	9,695.91
3/01/2019	9,087.00	2.000%	608.70	9,695.70
6/01/2019	9,132.00	2.000%	563.26	9,695.26
9/01/2019	9,178.00	2.000%	517.60	9,695.60
12/01/2019	9,224.00	2.000%	471.71	9,695.71
3/01/2020	9,270.00	2.000%	425.59	9,695.59
6/01/2020	9,316.00	2.000%	379.24	9,695.24
9/01/2020	9,363.00	2.000%	332.66	9,695.66
12/01/2020	9,410.00	2.000%	285.85	9,695.85
3/01/2021	9,457.00	2.000%	238.80	9,695.80
6/01/2021	9,504.00	2.000%	191.51	9,695.51
9/01/2021	9,552.00	2.000%	143.99	9,695.99
12/01/2021	9,599.00	2.000%	96.23	9,695.23
3/01/2022	9,647.00	2.000%	48.24	9,695.24
Total	**638,000.00**	**-**	**137,656.52**	**775,656.52** *

*Plus $860.36 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $68,828.80.

NUMBER

AR-1

Town of Harrisville (West Virginia)

Loan of $638,000

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: April 11, 2001

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Accrued Interest from 04/11/2001 to 04/11/2001	(11,342.22)
Bond Year Dollars	$7,449.93
Average Life	11.677 Years
Average Coupon	1.8477559%
Net Interest Cost (NIC)	1.8477559%
True Interest Cost (TIC)	2.0069947%
Bond Yield for Arbitrage Purposes	2.0069947%
All Inclusive Cost (AIC)	2.9218526%

IRS FORM 8038

Net Interest Cost	2.0000019%
Weighted Average Maturity	11.677 Years

Ferris, Baker Watts, Inc.
West Virginia Public Finance Office

File = Town of Harrisville Loans.sf-SRF 3/13/01- SINGLE PURPOSE
3/13/2001 12:33 PM

NUMBER

AR-1

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:

_____

THE TOWN OF HARRISVILLE, WEST VIRGINIA

INTERIM FINANCING AND BOND ORDINANCE

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INTERIM FINANCING AND BOND ORDINANCE

An Ordinance authorizing the acquisition and construction of extensions, improvements and betterments to the existing sewer system of The Town of Harrisville and the financing of the costs thereof, not otherwise provided, through the issuance by The Town of Harrisville of not more than $618,000 in aggregate principal amount of Sewer Revenue Bonds and the sale thereof to the United States Department of Agriculture, Farmers Home Administration, and authorizing not more than $618,000 in interim construction financing, consisting of bond anticipation notes, grant anticipation notes or a line of credit evidenced by notes, or any combination of the foregoing; authorizing the execution and delivery of a Trust Indenture securing the Notes and of an agreement with respect to the line of credit; defining and prescribing the terms and provisions of the Bonds, the Notes and the line of credit; providing for the rights and remedies of and security for the Registered Owners of the Bonds, the Notes and the line of credit; and adopting other provisions related thereto.

Be It Enacted And Ordained By The Council Of The Town Of Harrisville, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

A. "Act" means Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Advance-Refunded Municipal Bonds" shall mean obligations, the interest on which is excludable from gross income for Federal income tax purposes, which have been advance-refunded prior to their maturity and are fully and irrevocably secured as to principal and interest by Government Obligations held in trust for the payment thereof, and which obligations are serial bonds or term bonds not callable prior to maturity except at the option of the holder or owner thereof.

C. "Authorized Officer" means the Mayor of the Town or any acting Mayor duly appointed or any other officer duly so authorized by the Council as hereinafter defined.

D. "Bond" or "Bonds" means the Original Bonds, as hereinafter defined, and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

E. "Bondholder," "Registered Owner" or "Owner of the Bonds" or any similar term means any person who shall be the registered owner, as shown by the Bond Register, of any outstanding Bond.

F. "Bond Register" means the books of the Town maintained by the Bond Registrar, as hereinafter defined, for the registration and transfer of Bonds.

G. "Bond Registrar" means the Registrar for the Bonds, which shall be appointed by a resolution supplemental hereto.

H. "Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Bonds or the Notes in substantially the form set forth in the Bond form contained herein and, with respect to the Notes, in substantially the form set forth in the Trust Indenture, as hereinafter defined or in the form attached to the credit line agreement to be approved by a resolution supplemental hereto.

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

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

K. "Construction Trust Fund" means the Construction Trust Fund established by Section 5.02 hereof.

L. "Consulting Engineers" means Cerrone and Associates, Consulting Engineers, Wheeling, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewer systems that shall at any time be retained by the Town as consulting engineers for the System, as hereinafter defined.

M. "Costs" or "Costs of Project" or "Costs of Works" or any similar phrase means those costs described in Section 1.03(G) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

N. "Council" means the Council of the Town or any other governing body of the Town that succeeds to the functions

of the Council as presently constituted and shall be deemed to refer also to the Sanitary Board of the Town to the full extent of the powers relating to the System, as hereinafter defined, conferred upon said Sanitary Board.

O. "Depository Bank" means, with respect to either the Notes or the Bonds, the bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, designated as such by a resolution supplemental hereto, and any successor thereto.

P. "Depreciation Account" means the Sewer Revenue Bond Depreciation Account established by Section 4.01A(3) hereof.

Q. "EPA" means the United States Environmental Protection Agency and any successor to the functions of EPA.

R. "EPA Grant" means the Step III grant from EPA awarded September 25, 1987, pursuant to an EPA Assistance Agreement, as it may be supplemented or amended.

S. "Event of Default" means any event or occurrence specified in Section 9.01.

T. "FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

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

V. "Government" means the United States Department of Agriculture, Farmers Home Administration, and any successor thereto, as the Original Bond Purchaser of the Original Bonds, both as hereinafter defined.

W. "Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (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.

X. "Grant Agreement" means a written commitment for the payment of the EPA Grant or of the Other Grants, if any, specifying the amount of such Grant, the terms and conditions upon which said Grant is made and the date or dates or event or events upon which Grant is to be paid to the Town; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

Y. "Grant Receipts" means all moneys received by the Town on account of any Grant to pay Costs of the Project; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

Z. "Grants" means, collectively, the EPA Grant and the Other Grants, if any, as hereinafter defined.

AA. "Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provisions 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 Tap Fees, as hereinafter defined.

BB. "Indenture" or "Trust Indenture" means a Trust Indenture which may be entered into between the Town and a trustee, as hereinafter defined, to be appointed by a resolution supplemental hereto relating to the Notes, as hereinafter defined, and all supplements or amendments thereto, in the form approved by a resolution supplemental hereto.

CC. "Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall be retained by the Town to prepare an independent annual or special audit of the accounts of the System, as hereinafter defined, or for any other purpose except keeping the accounts of such System in the usual operations of its business and affairs.

DD. "Letter of Condition" means the letter from the Government dated October 11, 1988, and any supplements or amendments thereto.

EE. "Line of Credit" means the irrevocable line of credit in an amount not to exceed $618,000 authorized by Section 7.01 hereof, the terms and amount of which may be approved by a resolution supplemental hereto.

FF. "Line of Credit Agreement" means the agreement, if any, establishing the Line of Credit, said agreement to be approved by a resolution supplemental hereto.

GG. "Mayor" means the Mayor of the Town.

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

II. "Noteholder," "Registered Owner of the Notes" or "Owner of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, as hereinafter defined, in whose name such Note is registered.

JJ. "Notes" or "Credit Line Note" means the not more than $618,000 in aggregate principal amount of interim construction financing, consisting of grant anticipation notes or a Line of Credit evidenced by notes, or any combination of the foregoing, as authorized by Article VI and Article VII hereof and, unless the context clearly indicates otherwise, the term "Notes" includes any refunding grant anticipation notes of the Town.

KK. "Notes Registrar" means the Registrar for the Notes which may be designated by a resolution supplemental hereto.

LL. "Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined, 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 of Project, fees and expenses of the fiscal agents, registrars, paying agents, trustees, Original Bonds Purchaser, and the Depository Bank, other than those capitalized as part of the Costs of Project, 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, if any, or interest on the Notes or the Bonds, charges for depreciation, losses from the sale of 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.

MM. "Ordinance," regardless of whether preceded by the article "the" or "this," means this Ordinance as it may hereafter from time to time be amended or supplemented.

NN. "Original Bonds" means, the not to exceed $618,000 in aggregate Principal amount of Sewer Revenue Bonds of the Town originally authorized to be issued and sold to Government pursuant to this Ordinance and which will be specifically designated by a Supplemental Resolution.

OO. "Original Bonds Purchaser" means the Government as the purchaser, directly from the Town, of the Original Bonds issued hereunder.

PP. "Original Notes Purchaser" means, in the event the Notes are issued, the original purchaser of the Notes as shall be named in a resolution supplemental hereto, and in the event a note or notes evidencing a Line of Credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

QQ. "Other Grants" means any other grant, except for the EPA Grant, hereafter received by the Town to aid in financing any Costs of Project.

RR. "Outstanding," when used with reference to Bonds or Notes, as of any particular date, describes all Bonds or Notes theretofore and thereupon being issued and delivered except (a) any Bond or Note cancelled by the respective registrars at or prior to said date; (b) any Bond or Note for the payment of which monies equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond or Note deemed to have been paid as provided in Section 11.06 hereof or by the Indenture or Credit Line Agreement, as applicable; and (d) with respect to determining a specified percentage of Registered Owners for the purpose of consents, notices and the like, any Bond or Note registered to the Town.

SS. "Paying Agent" means the bank or banks or other entity designated as such for the Notes in a resolutions supplemental hereto.

TT. "Project" means the extensions, improvements and betterments to the existing sewer system of the Town described in Exhibit A attached hereto and incorporated herein by reference.

UU. "PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

VV. "Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) 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;

(c) 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;

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

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

(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 paid repurchase agreements, and <u>provided further</u> 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; and

(h) Advance-Refunded Municipal Bonds.

WW. "Recorder" means the Recorder of the Town.

XX. "Reserve Account" means the Sewer Revenue Bond Reserve Account established by Section 4.01.

YY. "Revenue Fund" means the Sewer Revenue Bond Revenue Fund established by Section 4.01.

ZZ. "Sanitary Board" or "Board" means the Sanitary Board of the Town established by an ordinance duly enacted by the Council of the Town on May 9, 1989, and any successors to the functions thereof.

AAA. "State" means the State of West Virginia.

BBB. "Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article the, refers specifically to the Supplemental Resolution authorizing the sale of the Original Bonds and the Supplemental Resolution authorizing the sale of the Notes, as the case may be; provided, that any provision intended to be included in the Supplemental Resolution with respect to the Original Bonds or the Notes, as the case may be, and not so included may be contained in any other Supplemental Resolution.

CCC. "Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held in, including but not limited to, sinking funds, the reserve accounts and the renewal and replacement funds for the payment of or security for the Bonds or any other obligations of the Town, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

DDD. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Town under the supervision and control of the Sanitary Board, and any additions, improvements or betterments thereto or hereafter constructed or acquired from any sources whatsoever and includes the Project.

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

FFF. "Town" means The Town of Harrisville, a municipal corporation, in Ritchie County, West Virginia, and, where appropriate, also means the Council thereof and any department, board, agency or instrumentality thereof in control of the management and operation of the System, as hereinafter defined.

GGG. "Trustee" means the Trustee for the Notes, if any, as designated in the Indenture or a resolution supplemental hereto.

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

III. 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.

JJJ. 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.

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

Section 1.02. Authority of This Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared that:

(A) The Town now owns and operates public works for the collection, treatment, purification and disposal of sewage.

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

(C) The Sanitary Board has presented a petition to the Council for the acquisition and construction of the Project, enactment of this Ordinance and the issuance of the Bonds and Notes.

(D) The Town has been awarded the EPA Grant by that certain EPA Assistance Agreement dated September 25, 1987. Said Agreement is for a Step III grant. The Town has also been awarded a $750,000 Small Cities Block Grant.

(E) It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that the Project be acquired and constructed in accordance with the plans and specifications to be prepared by the Consulting Engineers, subject to the approval of the EPA and the Government, the issuance of a certificate of public convenience and necessity by the PSC and specific authorization by a Supplemental Resolution.

(F) The estimated maximum cost of the construction of the Project is $2,922,900, of which approximately $618,000 will be permanently obtained from the proceeds of the Original Bonds herein authorized, $40,000 contribution from the Town and approximately $1,514,900 will be obtained from the EPA Grant and $750,000 from the Other Grants. The Town may obtain Other Grants as may be necessary to pay Costs of Project. Pending the receipt of advances of the Original Bonds proceeds and the Grant Receipts, the Town shall temporarily finance the construction with bond anticipation notes, grant anticipation notes or a line of credit in amounts not to exceed $618,000.

(G) It is deemed necessary for the Town to issue its Original Bonds in an aggregate principal amount not to exceed $618,000 to permanently finance the costs of acquisition and construction of the Project and contemporaneously therewith, or as soon as practical thereafter if and when the Council shall deem it to be in the best interest of the Town, to issue its Notes in the aggregate principal amount of not more than $618,000. Said costs shall be deemed to include the cost of all property rights, easements, and franchises deemed necessary therefor; 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 the Project and the placing of the same in operation, and the performance of the things therein required or permitted, in connection with any thereof; the cost of designing the Project; the cost of interim financing for such Project; interest on the Original Bonds prior to, during and for six months after the estimated date of completion of construction of the Project; interest upon the Notes during the term thereof; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of the Original Bonds Purchaser, registrars, paying agents, depositories or other agents in connection with the issuance of the Original Bonds or the Notes, as the case may be, and such other expenses as may be necessary or desirable to said

acquisition and construction of the Project and placing the same in operation and the financing authorized by this Ordinance and with respect to the Notes, any commitment fees to a bank or banks for the issuance of letters of credit and any costs of obtaining insurance thereon; provided that reimbursement to the Town for any amounts expended by it for allowable costs of the Project prior to the issuance of the Original Bonds or the Notes, as the case may be, or the repayment of indebtedness incurred by the Town for such purposes shall be deemed costs of the Project.

(H) The period of usefulness of the System after completion of the Project will not be less than forty years.

(I) The estimated Gross Revenues to be derived in each year after the enactment of this Ordinance from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, provide adequate reserve funds and adequate depreciation funds and pay the principal of and interest on the Original Bonds authorized to be issued pursuant to this Ordinance.

(J) Upon the issuance of the Original Bonds, the Town will grant the Original Bonds Purchaser a first lien on the Net Revenues of the System. It is in the best interests of the Town to sell its Original Bonds to the Government.

(K) The Town has complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of public convenience and necessity from the PSC by final order not subject to appeal or rehearing.

(L) The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements.

(M) It is in the best interest of the Town and its inhabitants to qualify for the small governmental unit exception from the rebate provisions.

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

(O) The Original Bonds and Notes are not private activity bonds as defined in the Code.

(P) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original

Bonds and Notes will be used for local governmental activities of the Town.

(Q) 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 Notes will be issued, will not exceed $5,000,000. The Town reasonably expects to issue its Original Bonds and Notes, if any, in 1990.

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

(S) The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds and Notes.

(T) The Bonds and Notes will not be federally guaranteed within the meaning of the Code.

(U) The Town and all subordinate entities do not reasonably expect to issue more than $10,000,000 of tax-exempt obligations during the calendar year 1990, and hereby designate the Notes as "Qualified Tax-Exempt Obligations" as defined in Section 265(b)(3) of the Code.

Section 1.04. Ordinance Constituting Contract. In consideration of the acceptance of the Bonds and the Notes, as the case may be, authorized to be issued hereunder by those who shall respectively hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Registered Owners, 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 Registered Owners of any and all of such Bonds or Notes, as the case may be, authorized to be issued hereunder all of which shall respectively be of equal rank and without preference, priority or distinction between any one Note and any other Notes, between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SYSTEM

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers, a summary of which general description is set forth as Exhibit A attached hereto and incorporated herein by reference; provided, that such plans and specifications, and the acquisition and construction of the Project in accordance therewith, are subject to the approval of the EPA and the Government, to the issuance by the PSC of a certificate of public convenience and necessity and to specific authorization by the Council pursuant to a Supplemental Resolution.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bonds. For the purposes of paying the costs, not otherwise provided, of acquisition and construction of the Project, of paying certain costs of issuance and related costs, and, if authorized by Supplemental Resolution, for providing for the interest during construction or both, and for such other purposes set forth in the Supplemental Resolution, there shall be issued the Original Bonds of the Town. Original Bonds shall be issued contemporaneously with or prior to any issuance of the Notes. The proceeds of the Original Bonds shall be applied as provided in Section 5.01.

Section 3.02. Description of Original Bonds. The Original Bonds shall be originally issued in the form of a single bond, designated Sewer Revenue Bond No. R-1, fully registered to the Original Bonds Purchaser, in the principal amount of not more than $618,000 as shall be set forth in the Supplemental Resolution. The Original Bonds shall be dated the date of delivery thereof; shall be designated as to series; shall bear interest at the rate per annum, not to exceed the maximum legal limit; shall bear interest payable monthly on such date; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Town shall prescribe in a Supplemental Resolution.

The Original Bonds shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the Town, shall be payable as provided in the Bond form hereinafter set forth and shall be subject to such other terms and provisions as set forth in the Bonds and in the Supplemental Resolution.

Section 3.03. Execution of the Bonds. The Bonds shall be executed in the name of the Town by the manual or facsimile signature of its Mayor, and the seal of the Town shall be impressed thereon and attested by the manual or facsimile signature of the Town Recorder. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bond shall hold the proper office in the Town, although at the date of such Bond

such person may not have held such office or may not have been so authorized.

Section 3.04. 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 3.03 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer or 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, and each successive Registered Owner, in accepting any of said Bond, 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, and each successive Registered 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.

So long as any of the Bonds remain Outstanding, the Bond Registrar shall keep and maintain books for the registration and transfer of the Bonds.

The Bonds shall be transferable only upon the Bond Register by the Registered Owner thereof in person or by its attorney or legal representative duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or such duly authorized attorney or legal representative.

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfer shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such

exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of said Bond Registrar incurred in connection therewith, which changes and expenses for any Bonds owned by the Original Bonds Purchaser, in the event of partial redemption of any bond or connection with the first transfer with any bond from the Original Bonds Purchaser thereof shall be paid the Town and, otherwise shall be paid by the Registered Owner requesting such transfer or exchange. The Bond Registrar shall not be obligated to make any such change or transfer of Bonds during the period beginning with the fifteenth day of the month preceding an interest payment date and ending on the date or, in a case of any partial redemption of Bonds during the fifteen days next preceding the date of the selection of Bonds to be redeemed.

Any registration or transfer registration of Bonds shall include supplying the Bond Registrar with a federal employer identification number of the Bond holder (or comparable identifying information if the Bond holder is not a corporate entity) and such other information and shall comply with such other requirements as shall be determined by national recognized Bond council to be necessary to render the interest on the Bonds exploitable from gross income for the purposes of Federal Income Taxation.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may, in the discretion of the Council, issue, and the Bond Register shall authenticate and deliver a new Bond or Bonds of like tenor as the Bond or Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or Bonds, upon surrender and cancellation of such mutilated Bond or Bonds, or in lieu of and substitution for the Bond or Bonds destroyed, stolen or lost, and upon the Registered Owner's furnishing the Council proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Council may prescribe and paying such expenses as the Town may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Town. If any 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 an original, additional contractual obligation on the part of the Town, whether or not the lost, stolen or destroyed Bond be at any time found by any one, and such duplicate Bond 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 3.07. Bonds Secured by Pledge of Net Revenues; Not to be Indebtedness of the Town. The payment of the debt service of all of the Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues, in the amount sufficient, to pay the principal of and interest on the Bonds and to make the payments required into the Sinking Fund and the Reserve Account therein and the Depreciation Account and all hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due. 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 Net Revenues and otherwise as provided herein. No Registered 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 the interest thereon.

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

[Form of Original Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF HARRISVILLE
SEWER REVENUE BONDS
SERIES ____

No. R-_____

$_____
(Principal Amount)

_____
(Date)

FOR VALUE RECEIVED The Town of Harrisville, West Virginia (herein called the "Borrower"), promises to pay to the order of the United States Department of Agriculture, Farmers Home Administration (herein called the "Government"), P. O. Box 678, Morgantown, West Virginia, 26505, or in such other place as the Government may hereafter designate in writing and in the manner provided below, the principal sum of $_____ Dollars ($_____) or such lesser amount as shall then be reflected on the record of Advances and Payments attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of _____% per annum. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing the first day of the month following the month of delivery of this Bond and on the first day of each month thereafter for the first 24 months after the date hereof, and installments of $_____, covering principal and interest, thereafter on the first day of each month, except the final installment shall be paid at the end of forty years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, except in that the prepayments may be made as provided herein below. This consideration shall support any agreement modifying the foregoing schedule of payments.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then the principal.

Payments of scheduled installments, or any portion thereof, may be made at any time at the option of the Borrower. Extra payments, as defined in the regulations of the Farmers Home Administration, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by Government. Borrower has granted to the Government a lien on the proceeds Bond until such proceeds as expended for authorized purposes.

This Bond is issued to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Borrower (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System"); to pay interest on the Bonds during and for up to six months after completion of the Project; and (3) to pay certain issuance and related costs in connection therewith. This Bond is authorized and issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Borrower on the _____ day of _____, 19____, and supplemented thereby on the _____ day of _____, 19___ (collectively, the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. 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 payable only from and secured by 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 (the "Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient

to pay the principal of and interest on all bonds and other obligations 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 Borrower within the meaning of any constitutional or statutory provisions or limitations, nor shall said Borrower be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Ordinance, the Borrower has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of said System and to leave a balance each year equal to at least 110% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on the Bonds, and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds. The Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Ordinance. Remedies provided the owners of this Bond are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

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

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

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, Borrower will at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Ordinance, shall be applied solely to the costs of acquisition and construction of the Project, 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 said Borrower, 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 of said Borrower has been pledged to and will be set aside into said special fund by said Borrower 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.

This Bond is given as evidence of a loan to Borrower made or insured by Government pursuant to the Rural Development Act of 1972. This Bond should be subject to the present regulations of the Government into its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, THE TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto impressed and attested by its Recorder, all as of date first written above.

THE TOWN OF HARRISVILLE, WEST VIRGINIA
(Name of Borrower)

_____
(Signature of Execution Official)

Mayor _____
(Title of Execution Official)

_____
(Post Office Box No. or Street Address)

_____
(City, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

_____
(Signature of Attesting Official)

_____
(Title of Attesting Official)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Sewer Revenue Bonds, Series 1990, described in the within-mentioned Ordinance and has been duly registered in the name of the United States Department of Agriculture, Farmers Home Administration as of the date set forth below.

Date: _____

_____,
as Registrar

By: _____
Its Authorized Officer

RECORD OF ADVANCES AND PAYMENTS

Advances

	Date	Amount	Initialed By
(1)		$	
(2)		$	
(3)		$	
(4)		$	
(5)		$	
(6)		$	
(7)		$	
(8)		$	
(9)		$	
(10)		$	
	TOTAL:	$	

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By: _____

_____
(Title)

Payments

	Date	Amount	Initialed By
(1)		$	
(2)		$	
(3)		$	
(4)		$	
(5)		$	
(6)		$	
(7)		$	
(8)		$	
(9)		$	
(10)		$	
	TOTAL:	$	

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By: _____

_____
(Title)

[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 said Bond on the books kept for registration of the within Bond of said Town with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.09. Sale of the Original Bonds. The Original Bonds shall be sold to the Original Bond Purchaser pursuant to the terms and conditions of the Letter of Conditions. The provisions of the Letter of Conditions are specifically incorporated in this Ordinance.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. System Revenues and Application Thereof. So long as the Bonds shall be outstanding and unpaid, the Town covenants with the Bondholders as follows:

A. Establishment of Revenue Fund and Disposition of System Revenues. 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 herein provided. All revenues at any time remain on deposit and the Revenue Fund shall be disposed of only in the following manner in order of priorities.

(1) From the Revenue Fund, the Town shall first each month pay the current Operating Expenses of the System.

(2) Next from the moneys in the Revenue Fund, the Town shall on the first day of each month, commencing on the first day of the month following the month of delivery of the Original Bonds or the first day of the month following the last month for interest was capitalized, apportion and set apart out of the Revenue Fund and remit to the office and place designated by the Original Bonds (herein called the "Sinking Fund") the monthly payment of interest or of principal and interest set forth in the Supplemental Resolution or such lesser amount as is evidenced by the Record of Advances and Payments attached to the Bonds as set forth in the Original Bonds form hereinabove set forth, such amount or amounts being the amount required to pay the interest on the Original Bonds and to amortize the principal of the Original Bonds over the life of the Original Bonds; provided however, that the deposits to the Sinking Fund constitute actual payments of principal and interest. The amounts required for principal and interest payments on the bonds issued hereunder other than the Original Bonds shall be deposited in a sinking fund created by supplemental resolution.

The Town shall next transfer from the Revenue Fund and deposit in a Reserve Account at the Commission, or in the case of bonds other than the Original bonds, in the reserve account in the Sinking Fund or otherwise as designated by Supplemental Resolution, on the first day of each month of each year, beginning with and including the month in which payments from the Revenue Fund for interest are commenced, an amount equal to one tenth ($\frac{1}{10}$) of the amount deposited into the Sinking

Fund, as set forth above: Provided, however, that no further payments shall be made into said Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the maximum amount of principal and interest which will mature and become due on said Bonds in any succeeding Fiscal Year.

Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when moneys in the Revenue Fund or, in the case of bonds other than the Original Bonds, the funds in the Sinking Fund created by Supplemental Resolution are insufficient therefor and for no other purposes.

Any withdrawals from the Reserve Account shall be subsequently restored from the first revenue available after all required payment to the Sinking Fund and Reserve Account, including any deficiencies for prior payments, have been made in full.

As and when additional bonds ranking on a parity with the Original Bonds are issued, provision shall be made by Supplemental Resolution for additional payments sufficient to pay the interest on such additional parity bonds and to accomplish retirement thereof at or before maturity and to accumulate a balance in the Reserve Account in an amount equal to the maximum provided and required to be paid in principal and interest in any succeeding year for account of all the Bonds.

(3) Thereafter, from the moneys remaining in said Revenue Fund, the Town shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, remit to the Depository Bank for deposit in a special account to be designated the "Depreciation Account," which account is hereby established and created, a sum equal to $416.66 ($5,000 per year). No further payments shall be required to be made into said Depreciation Account when there shall have been deposited therein, Fifty Thousand Dollars ($50,000). All funds in said Depreciation Account shall be kept apart from all other municipal funds, and all or any part of said fund may be invested as provided by Article X. Withdrawals and disbursements may be made from said Depreciation Account for replacements, emergency repairs, additions, betterments or improvements to the System, deficiencies in the payment of principal and interest on the Bonds, or debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such additions, betterments or improvements.

(4) If all of the above required payments are then current, the Town may use any moneys remaining in the Revenue Fund for the following Purposes: (a) for prepayment of the amount, or any part thereof, of the Bonds outstanding in accordance with the terms thereof, (b) additions, betterments or replacements to the System which the Consulting Engineers certify are needed and/or (c) payments or principal and interest on subordinate sewer revenue bonds or other obligations which may hereafter be issued by the Town on account of the System.

All of the funds provided for above shall constitute trust funds and shall be used only for the purposes provided herein.

(5) The moneys in excess of the sum insured by the maximum amounts insured by the Federal Deposit Insurance Corporation in the Revenue Fund and in the Depreciation Account shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits or state and municipal funds under the laws of the State.

(6) If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds 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 on the subsequent payments dates.

(7) All remittances made by the Town to the Government or to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

(8) The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Application of Original Bond Proceeds. From the moneys received from time to time from the sale of Original Bonds, the following amounts shall be deposited as set forth below:

(A) The sum required, with other moneys available therefor, to pay interest on the Original Bonds during construction and for a period up to six months thereafter shall be deposited in the Construction Trust Fund, hereinafter created.

(B) The sum required, with other moneys available therefor, to pay the principal of and interest on the obligation incurred under the Line of Credit Agreement shall be deposited as provided in Section 5.02.

Section 5.02. Construction Trust Fund. There is hereby created with the Depository Bank a special fund to be known as the "Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Town, and shall be drawn out, used and applied by the Town solely for the payment of the costs of construction and acquisition of the Project and purposes incidental thereto, for the payment of interest on the Original Bonds during construction and for a period up to six months thereafter and for no other purposes whatsoever. All amounts received by the Town pursuant to a draw upon the Line of Credit authorized by Section 7.01 hereof shall be deposited in the Construction Trust Fund. The moneys in said fund shall be secured at all times by the deposit by such bank, as security, of Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the Federal Deposit Insurance Corporation. Any moneys not needed immediately for said purposes may, with the consent of the Consulting Engineers, be invested pursuant to Article X. If for any reason the amounts on deposit in the Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Town as determined by the rules and regulations of the Government. 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 Holders of the Original Bonds.hereby authorized.

Expenditures or disbursements by the Depository Bank from said Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Bonds shall be made only after such

expenditures or disbursements shall have been approved in writing by the Sanitary Board, the Consulting Engineers and the Government.

ARTICLE VI

NOTES

Section 6.01. Authorization and General Terms. To the extent practicable and in order to pay certain Costs of Project pending receipt of the Grant Receipts and payment of all advances of principal of the Bonds, the Town may issue and sell its Notes in the aggregate principal amount of not to exceed $618,000. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and the Supplemental Resolution.

Section 6.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in such form, in such denominations, with such terms and secured in the manner set forth in the Indenture to be approved by a Supplemental Resolution.

Section 6.03. Notes are Special Obligations. The Notes shall be special obligations of the Town payable as to principal and interest solely from the respective sources described in the Indenture. The Notes do not and shall not constitute a corporate indebtedness of the Town within the meaning of the constitutional or statutory provisions or limitations. 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 Notes. The Registered Owners shall never have the right to compel the forfeiture of any Property of the Town. The Notes 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 as set forth in the Supplemental Resolution, including in the Indenture.

Section 6.04. Letters of Credit. As additional security for the Notes, the Town may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $618,000 in the aggregate. In the event of a draw under any such letter of credit, the Town shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in the Supplemental Resolution.

ARTICLE VII

LINE OF CREDIT

Section 7.01. Authorization of Line of Credit. As an alternative method of providing funds for the acquisition and construction of the Project to the extent Grant Receipts and other funds are not available therefor and pending the receipt of advances from the Original Bond Purchaser, the Mayor of the Town is hereby authorized to arrange for a Line of Credit in an amount not to exceed $618,000. The amount and terms of the Line of Credit may be approved by a resolution supplemental hereto.

Section 7.02. Authorization of Credit Line Note. For the purpose of evidencing any draw upon the Line of Credit and thus, of financing a portion of the cost of acquisition and construction of the Project, there may be issued the Credit Line Note of the Town in an amount and upon such terms as set forth in a resolution supplemental hereto. The Credit Line Note may be issued in single, fully registered form and dated as of the date of delivery thereof. There shall be attached to the Credit Line 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 the Credit Line Note and the amount of the Credit Line Note outstanding after either of said transactions shall be recorded. Anything to the contrary herein, in the Line of Credit Agreement or therein notwithstanding, the Credit Line 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 if each advance from the actual date thereof as listed on said Record of Advances and Payments. Each such advance shall bear interest, payable at such times and at a rate set forth in a supplemental resolution, but not to exceed the then legally permissible limit. Interest shall cease to accrue on the amount of the Credit Line Note outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. The Credit Line Note shall mature not more than thirty (30) months from the date thereof. The Credit Line Note shall be subject to such further terms as shall be provided by the Line of Credit Agreement. Notwithstanding the foregoing, the terms of the Credit Line Note, other than the principal amount thereof, may be modified by resolution supplemental and amendatory hereto, subject to the limits of the Act.

The Credit Line Note shall be payable as to principal upon surrender at the principal office of the Notes Registrar, in any coin or currency which on the date of payment of principal is legal tender for the payment of public and private

debts under the laws of the United States of America; provided, that any partial payment or principal prior to the final maturity of the Credit Line Note shall be recorded on the Record of Advances and Payments attached to the Credit Line Note, and the Credit Line Note shall be returned to the Registered Owner. Interest on the Credit Line Note shall be paid by check or draft mailed to the Registered Owner thereof at the address as it appears on the books of said Notes Registrar; provided, that, at the option of the Registered Owner, such payment may be made by wire transfer or such other lawful method as shall be mutually agreeable.

Section 7.03. Execution of Credit Line Note. The Credit Line Note shall be executed in the name of the Town by the signature of its Mayor, and the seal of the Town shall be impressed thereon and attested by the signature of the Town Recorder. Any Credit Line Note may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Credit Line Note shall hold the proper office of the Town, although at the date of such Credit Line Note such person may not have held such office or may not have been so authorized.

Section 7.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Credit Line 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 Registered Owner, in accepting the Credit Line Note, shall be conclusively deemed to have agreed that said Credit Line Note shall be incontestable in the hands of a bona fide holder for value.

So long as the Credit Line Note or any portion thereof remains Outstanding, the Notes Registrar shall keep and maintain books for the registration and transfer of the Credit Line Note. The Credit Line Note shall be transferable only upon the books of the Notes Registrar which shall be kept for that purpose at the office of the Notes Registrar (and in such capacity as paying agent) by the Registered Owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Notes Registrar duly executed by the Registered Owner or its duly authorized attorney. Upon the transfer of the Credit Line Note, there shall be issued at the option of the Registered Owner or the transferee another Credit Line Note or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred Credit Line Note not paid as reflected on the Record of Advances and Payments attached thereto and outstanding in the aggregate principal amount equal to the advanced but unpaid amount of the

transferred Credit Line Note as reflected on the Record of Advances and Payments attached thereto.

In all cases in which the privilege of transferring the Credit Line Note is exercised, Credit Line Notes shall only be issued in accordance with the provisions of this Ordinance and the Supplemental Resolution. All Credit Line Notes surrendered in any such transfers shall forthwith be cancelled by the Notes Registrar. For every such transfer of Credit Line Notes, the Notes Registrar may make a change 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 Credit Line Note upon each transfer, and any other expenses of the Notes 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. The Notes Registrar shall not be obligated to make any such transfer of Credit Line Notes during the ten (10) days preceding an interest payment date on the Credit Line Notes or after notice of any prepayment of the Credit Line Notes have been given.

Section 7.05. Form of Credit Line Note and Line of Credit Agreement. The text of the Credit Line Note and the Line of Credit Agreement shall be in substantially the form set forth in the Supplemental Resolution. The Line of Credit Agreement shall be executed on behalf of the Town by the Mayor. The Credit Line Note shall not become valid until manually authenticated and registered by the Notes Registrar.

Section 7.06. Proceeds of Draw Under Line of Credit Agreement. The proceeds of any draw made by the Town under the Line of Credit Agreement shall be immediately deposited in the Construction Trust Fund established with the Depository Bank and expended in accordance with Section 5.02 hereof.

Section 7.07. Security for Credit Line Note. The Credit Line Note, if issued pending receipt of the proceeds of the Original Bonds, shall be secured by the advances due to the Town from the Original Bond Purchaser. To the extent not paid from such advances, the Credit Line Note shall have a lien, subordinate to the lien of the Original Bonds, on the Net Revenues of the System. As long as the Credit Line Note is outstanding, the covenants made herein with respect to the Original Bonds shall apply to the Credit Line Note.

Section 7.08. Limitation on Notes. Notwithstanding anything else herein to the contrary, the aggregate maximum amount that may be outstanding under the Notes, including the Credit Line Notes, authorized by Articles VI and VII of this Ordinance, shall not exceed $618,000.

ARTICLE VIII

ADDITIONAL COVENANTS OF THE TOWN

Section 8.01. 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 Registered Owner or Registered Owners of the Original Bonds and Notes. In addition to the other covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Registered Owners of the Bonds as hereinafter provided in this Article VIII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Ordinance shall, where applicable, inure to the benefit of the Registered Owners of the Notes and constitute valid and legally binding covenants of the Town, enforceable in any court of competent jurisdiction by any Registered Owner or Registered Owners of said Notes.

Section 8.02. Bonds and Notes Not To Be Indebtedness of the Town. The Bonds and Notes 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 Net Revenues of the System, as herein provided or from the Grant Receipts, as herein provided, or from the net proceeds of the Original Bonds, as herein provided. No Registered Owner or Registered Owners of any Bonds or Notes issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or Notes or the interest thereon.

Section 8.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The Net 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 and the Reserve Accounts 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 interest on the Bonds herein authorized as the same become due, and for the other purposes provided in this Ordinance.

Section 8.04. Rates. Prior to the 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 in the office of the Recorder, each of which copies will be open to inspection by all interested parties. The rates and charges shall be effective as prescribed by the rules and regulations of the PSC. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the Operating Expenses of the System and to make the prescribed payments into the funds and accounts created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the 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 Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 110% of the maximum amount required in any year to pay the principal of and interest on the Original Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Original Bonds.

Section 8.05. Completion, Operation and Maintenance. The Town will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers 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 this Ordinance.

Section 8.06. Sale of the System. So long as the Original Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of or encumbered only with the written consent of the Government, and such consent will specify the disposition of any such sale or transfer.

Section 8.07. 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 ("Additional Bonds") provided for in Section 8.08 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 Original

Bonds; and all obligations hereafter issued by the Town payable from the revenues of the System, except such Additional 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 Original Bonds.

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 being on a parity with the lien of the Original Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Original Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof, except as provided in Section 8.08.

Section 8.08. Issuance of Additional Bonds. No Additional Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of the Original Bonds pursuant hereto, except under the conditions and in the manner herein provided.

(A) No such Additional Bonds shall be issued without the written consent in advance of the Government. No such Additional Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions, betterments and improvements to the System or refunding one or more series of Bonds issued hereunder, except as provided in subsection (F) of this section.

(B) No such Additional Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written certification by a certified public accountant not in the regular employ of the Town, based upon the necessary investigation, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year immediately preceding the date of the issuance of such Additional Bonds shall have been not less than one hundred twenty percent (120%) of the average aggregate amount which will mature or become due in any succeeding Fiscal Year for principal of and interest on the Original Bonds and on all Bonds of all other outstanding series on a parity with the Original Bonds and on the Additional Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of Bondholders representing 75% of each series of the then Outstanding Bonds issued pursuant hereto.

(C) Prior to or concurrently with the issuance of any such Additional 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, or the refunding of the Bonds, which are to be financed by such Additional Bonds.

(D) The term "Additional Bonds," as used in this section, shall be deemed to mean Additional Bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Original Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of any Additional Bonds subsequently issued within the limitations of and in compliance with this section. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any bond over any other. The Town shall comply fully with all the increased payments into the various funds, either new or created herein, required for such Additional Bonds, in addition to the payments required for the Original Bonds originally issued hereunder. Redemption of Bonds prior to maturity, in the event that the Original Bonds and Additional Bonds hereby authorized are Outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each issue.

(E) No Additional Bonds shall be issued at any time unless all the payments into the respective funds provided for herein on Bonds then Outstanding and all other repayments provided for herein shall have been made or paid up as required to the date of issuance of the Additional Bonds and the Town shall have fully complied with all the covenants, agreements and terms hereof or shall have remedied any deficiency in such compliance.

(F) With the written consent in advance of the Government, and anything to the contrary in subsections (A), (B) and (C) of this section notwithstanding, Additional Bonds may be authorized and issued by the Town pursuant to a supplemental ordinance in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay or provide for all costs of construction of the Project. Any such Additional Bonds authorized and issued under the provisions of this subsection shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of such construction costs, and the maturities of any such Additional Bonds shall be in years and amounts suggested by the Government.

Section 8.09. 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 Registered Owner of a Bond or Bonds or of a Note or Notes issued and authorized 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 generally accepted accounting practices to the extent allowed by the uniform system of accounts promulgated by the PSC. 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, books, and 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 of the Town shall direct.

The Town shall file with the Consulting Engineers, the Trustee, if any, the Original Bonds Purchaser and the Notes Purchaser, and shall mail in each year to any Registered Owner of Bonds or Notes, as the case may be, 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 and the Indenture, if any, with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. A statement of all new debt issued by the Town which is secured by a lien on the Net Revenues or Surplus Revenues of the System.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail the report of said Independent Certified Public Accountant to the Government upon request, to any Registered Owner or Registered Owners of the Bonds or Notes. The Government, so long as it holds all the Bonds, may permit substitution of such a copy of the annual audit report by the office of the State Tax Commissioner for the copy of an annual audit report by an Independent Certified Public Accountant.

The Town shall retain all records, books and supporting material for a period of three years after the issuance of such audit reports and financial statements, and

such material, upon request, will be made available to the Government, the Controller General of the United States of America or their representatives.

Section 8.10. Fiscal Year; Budget. While the Original Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which Period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Town agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of such annual budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Council. Copies of each annual budget shall be delivered to the Government by the beginning of each Fiscal Year.

If for any reason the Town shall not have adopted the annual budget before the first day of any Fiscal Year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (10%); and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless the Town s failure to submit an annual budget shall be for a reason beyond the control of the Town. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 8.11. 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 themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the 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 8.12. Enforcement of Collections. The Town will diligently enforce and collect all fees, rentals, or other

charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the laws of the State, and the rules and regulations of the PSC. 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 and facilities of the System, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and 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 the rules and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System and, in the event the Town owns a water facility (the "Water System"), the Water System to all users of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System have been paid in full.

Section 8.13. Insurance and Bonds. The Town hereby covenants and agrees that, so long as the Bonds remain Outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(A) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured prior to acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Town will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Town will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Town during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than $500,000 for personal liability to protect the Town from claims for bodily injury and/or death and not less than $200,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(C) Vehicular Public Liability Insurance, in the event the Town owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Town is operated for the benefit of the Town, with limits of not less than $500,000 for personal liability to protect the Town from claims for bodily injury and/or death and not less than $200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(D) Workers Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Town, and such payment bonds will be filed with the Clerk of the County Commission of Ritchie County prior to commencement of construction of the Project in compliance with the West Virginia Code, Chapter 38, Article 2, Section 39.

(E) Fidelity Bonds will be provided as to every officer and employee of the Town having custody of the Revenue Fund or of any other funds or valuable property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, with the initially bond for each position to be an amount at least equal to one year's principal and interest on the Bond and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Town if available.

(G) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this section, during construction of the Project and so long as the Government holds any of the Bonds, the Town will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Town, and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 8.14. 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, for the providing of any services which would compete with services provided by the System.

Section 8.15. Consulting Engineer. The Town will retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and renewal of the System and report annually to the Town in writing their recommendations and comments as to the System. Such annual report of the Consulting Engineers or a summary thereof, shall be made available at reasonable times to the Government and to any Bondholder requesting the same.

Section 8.16. Connections. 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.

Section 8.17. Public Purpose Bonds. The Town shall use the Bond or Note 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.

Section 8.18. Private Activity Bond Covenant. The Town shall not permit at any time or times any of the proceeds of the Bonds or Notes 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 Notes from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds or Notes 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 or Notes.

Section 8.19. Filing Covenant. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds or Notes, including, without limitation, the information return required under Section 149(e) of the Code.

Section 8.20. Federal Guarantee Covenant. The Bonds or Notes, in whole or in part, are not, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 8.21. Rebate Covenant. The Town is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the System as covenanted pursuant to Sections 8.17 and 8.18, the Original Bonds or Notes are not private activity bonds within the meaning of the Code, and 95% or more than the net proceeds (as filed with respect to Code) of the Original Bonds or Notes will be used for local governmental activities of the Town. The Town and all subordinate entities reasonably expect to issue less than $5,000,000 in aggregate principal amount of

tax-exempt bonds (other than private activity bonds) during the calendar year, being 1990, in which the Original Bonds and the Notes, if any, are to be issued. Therefore, the Town believes that it is excepted for the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Town is in fact subject to such rebate requirement, 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. 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 the interest on the Bonds.

Section 8.22. Covenant to Amend Ordinance. The Town retains the right to make any amendments, insertions or deletions by Supplemental Resolutions of this Ordinance as the Town deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions or deletions to comply with the Code. Notwithstanding the provisions of Section 11.01 hereof, the Town shall without consent of the Registered Owners of the Bonds or Notes, as the case may be, amend or supplement this Ordinance by resolutions supplemental hereto or any amendatory ordinance to comply with the Code if such amendment or supplemented is necessary to preserve the tax exempt status of the design notes, bonds or notes. The Council of the Town hereby retains the specific authority to amend this Ordinance or supplement it by resolution to comply with the Code. As determination to amend or supplement this Ordinance, the Council of the Town may rely on the opinion of a nationally recognized bond counsel.

The Town also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Ordinance as the Town deems necessary prior to the issuance of the Bonds to meet the requirements of the Original Bonds Purchaser.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. A. 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 Bonds;

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance the Supplemental Resolution or in the 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 the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; 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.

An "Event of Default" with respect to the Bonds shall not constitute an Event of Default with respect to the Notes as set forth in the Indenture, and vice versa.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and in particular (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Town to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates of changes for services rendered by the System (iii) bring suit upon the 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 the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the ordinance with respect to the Bonds, or the rights of such Registered Owners, provided, however, that no remedy herein stated may be exercised by a Registered Owner of a Note in a manner which adversely affects any remedy available to the Registered Owners of the Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the 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 and performing any construction necessary for the System. 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 this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the Town of such default, any Registered Owner 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 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 or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the 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 and authorized pursuant to this Ordinance and interest thereof 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 Registered 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 or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such

court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and Registered Owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose or 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 Registered Owners, 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.

ARTICLE X

INVESTMENTS; NON-ARBITRAGE

Section 10.01. 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 or the Depository Bank, 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 specific restrictions and provisions set forth in this Section.

Except as otherwise provided, 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, including but not limited to those in the Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereof 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 owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under the section:

A. Qualified Investments acquired from the Reserve Account shall have maturities or be subject to redemption at the option of the holder within five (5) years from the date of acquisition provided that all investment earnings on moneys in the Reserve Account shall be transferred, not less than once a

year, to the Revenue Fund and applied in full to the next ensuing principal payment due on the Bonds.

B. Qualified Investments acquired for the Depreciation Fund shall have maturities or be subject to redemption at the option of the holder within ten (10) years from the date of acquisition.

C. Qualified Investments may be purchased for the Reserve Account or the Depreciation Fund either in the open market or from the Construction Trust Fund. If so purchased from the Construction Trust Fund, such Qualified Investments shall be purchased at a price equal to their original purchase price plus accrued interest.

Section 10.02. 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 148 of the Code, and the Mayor of the Town shall deliver his certificate, based upon this covenant, with regard thereto to the Original Bond Purchaser.

Section 10.03. 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 XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance or resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Notes or Bonds shall be made without the consent in writing of the Owners of two-thirds percent (2/3%) or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Note or Notes or 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 respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Notes or Bonds respectively, 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. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 11.04. 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.

Section 11.05. 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 Town Recorder and members of Council of the Town 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 11.06. Defeasance. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then the respective pledges of Net Revenues, and 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 irrevocably in trust with the Depository Bank at the same or earlier time, shall be sufficient, to pay as and when due the principal of and interest on such 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 in trust with the Depository Bank 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 irrevocably in trust with the Depository Bank at the same time, shall be sufficient, to pay when due the principal of and interest due and to become due on said Bonds on and prior to the maturity dates or, if the Town irrevocably determines to redeem the Bonds prior to the maturity thereof, to the redemption date thereof. Neither securities nor moneys deposited irrevocably in trust with the Depository Bank 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 of an interest on said Bonds; Provided, that any cash received from such principal or interest payments on such securities deposited irrevocably in trust with the Depository Bank 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 interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, as the case may be, and interest earned from such reinvestments shall be Paid over to the Town, as received by said Depository Bank, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 11.07. Effective Date. This Ordinance shall take effect after notice and public hearing hereon in accordance with the Act.

First Reading: March 5, 1990

Second Reading and Passage: March 13, 1990

Public Hearing: March 26, 1990

Effective Date: March 26, 1990

[SEAL]

Alan R. Haught
Mayor

Donna Lee Mullins
Town Recorder

EXHIBIT A

Project Description

The Town of Harrisville projects consist of new collector sewers, renovation of existing sewers, new lift stations and a new treatment plant. The project is funded by EPA, HUD and FmHA.

The work involved in the project has been divided into the following contracts:

CONTRACT 1 - SEWER SYSTEM includes approximately 4,800 feet of 4-inch and 6-inch force mains, 4,500 feet of 8-inch and 10-inch gravity sewers, necessary manholes, lampholes and related appurtenances.

CONTRACT 2 - SEWER LIFT STATIONS consists of three (3) new wet well mounted-type lift stations and includes concrete wet wells, site improvements and electrical work.

CONTRACT 3 - WASTEWATER TREATMENT PLANT involves construction of a 325,000 gpd oxidation ditch treatment plant. This plant includes a laboratory/control building, flow meter, grit removal, bar screen, main pumping station, oxidation ditch basin, clarifiers, sludge drying beds and UV disinfection facilities.

This project also includes renovation of certain existing sewers and construction of new sanitary sewers with labor to be provided from the town's work force. Materials required for this phase of the project will be purchased from project funds and charged to the materials and equipment line item.

CERTIFICATE

I, the undersigned, Town Recorder of The Town of Harrisville, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the Interim Financing and Bond Ordinance duly enacted by the Council of The Town of Harrisville at its regular meeting on March 13, 1990.

Dated this 13th day of March, 1990.

THE TOWN OF HARRISVILLE

By: _____
Town Recorder

(SEAL)

SUPPLEMENTAL RESOLUTION

A Resolution supplementing the Ordinance adopted by the Council of The Town of Harrisville on March 13, 1990; providing as to principal amounts, interest rate and other terms of The Town of Harrisville Sewer Revenue Bonds of The Town of Harrisville; designating a registrar and depository bank; and making other provisions with respect to the Bonds.

WHEREAS, the Council (the "Council") of The Town of Harrisville, West Virginia (the "Town"), has duly and effectively adopted on March 13, 1990, an Interim Financing and Bond Ordinance (said Ordinance is hereinafter referred to as the "Ordinance"), entitled:

> An Ordinance authorizing the acquisition and construction of extensions, improvements and betterments to the existing sewer system of The Town of Harrisville and the financing of the costs thereof, not otherwise provided, through the issuance by The Town of Harrisville of not more than $618,000 in aggregate principal amount of Sewer Revenue Bonds, and the sale thereof to the United States Department of Agriculture, Farmers Home Administration, and authorizing not more than $618,000 in interim construction financing, consisting of bond anticipation notes, grant anticipation notes or a line of credit evidenced by notes, or any combination of the foregoing; authorizing the execution and delivery of a Trust Indenture securing the Notes and of an agreement with respect to the line of credit; defining and prescribing the terms and provisions of the Bonds, the Notes and the line of credit; providing for the rights and remedies of and security for the Registered Owners of the Bonds, the Notes and the line of credit; and adopting other provisions related thereto;

WHEREAS, the capitalized terms used and not otherwise defined in this Supplemental Resolution have the respective meanings given them in the Ordinance;

WHEREAS, the Ordinance provides for the issuance of The Town of Harrisville Sewer Revenue Bonds in the aggregate principal amount not to exceed $618,000 of the Town (the "Bonds"), and the sale of the Bonds to the United States Department of Agriculture, Farmers Home Administration;

WHEREAS, the Ordinance also provides for a line of credit in an amount not to exceed $618,000 (the "Line of Credit");

WHEREAS, Union Bank of Harrisville, Harrisville, West Virginia, proposes to issue the Line of Credit and to enter into a line of credit agreement with the Town;

WHEREAS, in the Ordinance, it is provided that the principal amount, interest rate and other terms of the Bonds should be established by a Supplemental Resolution and other matters relating to the Bonds be herein provided for;

WHEREAS, the United States Department of Agriculture, Farmers Home Administration proposes to purchase the Bonds;

WHEREAS, the Council deems that it is essential and desirable that this Resolution (the "Supplemental Resolution") be adopted and that the principal amount, interest rate and other terms of the Bonds and the Credit Line Note be affixed hereby in the manner stated herein and other matters relating to the Bonds and the Credit Line Note be herein provided for;

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

(1) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued The Town of Harrisville Sewer Revenue Bonds in the aggregate principal amount of $618,000 (the "Bonds"), in the form of a single bond, and numbered R-1, of the Town, all in the form and having the provisions set forth below and in the Ordinance.

(a) Bond R-1 shall be issued as a fully registered Bond, fully registered to the United States Department of Agriculture, Farmers Home Administration, (the "Original Bonds Purchaser"). The Bond shall be dated on the date of delivery thereof; shall bear interest from the date of delivery but only upon the amounts advanced thereunder, payable monthly, commencing on the first day of the month following the month in which the Bond is issued, at a rate of five percent (5%) per annum. Interest on the Bond shall be paid only on the amounts advanced as listed on the Record of Advances and Payments, commencing the first day of the month following the month of delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date of the Bond, and installments of $3,035 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of the Bond, in the sum of the unpaid principal and interest

due on the date thereof. The Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the Town.

(b) The offer of the Original Bonds Purchaser to purchase the Bonds pursuant to the Ordinance, is hereby accepted.

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

(3) The Town hereby approves and accepts the offer of the Farmers Home Administration to purchase the Bonds. The execution and delivery by the Mayor and Town Recorder of the Bonds and the performance of the obligations contained therein on behalf of the Town are hereby authorized, approved and directed. The price of the Bonds shall be Six Hundred and Eighteen Thousand Dollars ($618,000) (100% of par value), said purchase price to be advanced to the Town as needed to pay Project costs.

(4) The Town hereby appoints and designates Union Bank of Harrisville, Harrisville, West Virginia, as Depository Bank.

(5) The Town hereby appoints and designates Union Bank of Harrisville, Harrisville, West Virginia, as Registrar for the Bonds.

(6) The Town hereby authorizes and directs the Mayor and Town Recorder to enter into an irrevocable line of credit agreement with Union Bank of Harrisville, Harrisville, West Virginia, for an amount not to exceed $618,000, for a term of not more than 30 months, at a rate per annum of ninety percent (90%) of New York Prime, calculated daily if the Credit Line Note is tax-exempt, and at prime rate if the Credit Line Note is not tax-exempt, but in no event shall the interest rate exceed twelve percent (12%), and to take any and all action necessary to execute the irrevocable line of credit agreement, the form of which is attached hereto as Exhibit A and incorporated herein by reference, and the note supporting said agreement and insure that funds are available to make payments pending reimbursement from the Original Bonds Purchaser of Bond proceeds and to the extent necessary from the Grant Receipts and other funds as set forth in the Ordinance. The Town hereby designates the Union Bank of Harrisville as the Notes Registrar for the Credit Line Note.

(7) The Town and all subordinate entities do not reasonably expect to issue more than $10,000,000 of tax-exempt obligations during the calendar year 1990, and hereby designate the Credit Line Note as "Qualified Tax-Exempt Obligations" as defined in Section 265(b)(3) of the Code.

(8) The Mayor and Town Recorder and other appropriate officers and employees of the Town are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the issuance of the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered on or about April 17, 1990, to the Original Bonds Purchaser and that the Credit Line Note be delivered on or about April 17, 1990 to the Union Bank of Harrisville.

(9) The Town hereby directs the Depository Bank to initially invest all monies in the funds and accounts established under the Ordinance in the Union Bank of Harrisville's Cash Management Account until directed otherwise by the Town.

(10) The financing of the Project in part with the 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.

(11) This Supplemental Resolution shall be effective immediately upon adoption.

Resolution adopted April 10, 1990.

THE TOWN OF HARRISVILLE,
WEST VIRGINIA

By Alan R. Haught
Mayor

ATTEST:

Donna Lee Mullenix
Town Recorder

[SEAL]

1951a

EXHIBIT A

United States of America
State of West Virginia
The Town of Harrisville
Sewer Revenue Note
Series 1990
Number R-1
$618,000

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF HARRISVILLE, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, but only from the special funds provided therefor, as hereinafter set forth, to UNION BANK OF HARRISVILLE, T.I.N. _____, _____, Harrisville, West Virginia _____ (the "Owner"), or registered assigns, the sum of Six Hundred Eighteen Thousand Dollars ($618,000), or such lesser sum as shall be reflected by the Record of Advances and Payments attached hereto, on _____, 19___. Notwithstanding any provision of this Note to the contrary, this Note shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount hereof outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. Such interest shall be at the rate equal to ninety percent (90%) of the rate published from time to time as the "New York Prime" if this Note is tax-exempt and at New York Prime Rate if it is taxable, but not to exceed twelve percent (12%) per annum, such changes to occur on the date such rate changes. Said interest shall be based upon a year of 360 days and shall be paid in arrears on the _____ day of each month, beginning with the first day of the month next succeeding the month in which the first advance, if any, upon the Line of Credit, as hereinafter defined, is made. The Registrar, as hereinafter defined, shall notify the Sanitary Board of the Town of the amount of interest so accrued. Interest is payable, only from special funds as hereinafter described, by check or draft mailed to the Owner at the address as it appears on the books of Registrar, as hereinafter defined, or by wire transfer or other mutually agreeable method. This Note shall be payable as to principal upon surrender at the principal office of Union Bank of Harrisville, Harrisville, West Virginia, as registrar and paying agent (the "Registrar"), in any coin or currency which on the date of payment of principal is legal tender for the payment of public and private debts under the laws of the United States of America; provided, that, except in the case all the Note

outstanding is being prepaid and either (i) the Town's notice of prepayment requires surrender or (ii) the Line of Credit, as hereinafter defined, has been exhausted, any payment of principal prior to the maturity of this Note as provided by the Ordinance, as hereinafter defined, shall be recorded on the Record of Advances and Payments attached hereto, and this Note shall be returned to the Owner. Prepayments of the principal of this Note may be made upon two (2) days' notice to the Owner. Any such prepayment shall also be reflected on the Record of Advances and Payments attached hereto, and interest shall cease to accrue thereon.

This Note is issued pursuant to the Interim Financing and Bond Ordinance passed by the Council of the Town on March 26, 1990 (the "1990 Ordinance"), to evidence the Town's obligation to repay any draw upon a line of credit (the "Line of Credit") by the Town from Union Bank of Harrisville (the "Bank"). This Note was issued to provide funds for the completion of the construction of certain extensions, betterments and improvements to the existing sewerage system of the Town to the extent Bond proceeds, grant proceeds and other funds are not timely available therefor.

This Note is issued, in addition to the Ordinance, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended (the "Act"), and is subject to all the terms and provisions of said Ordinance and said Act. The principal of this Note is payable from the Bond proceeds and Grant Receipts (as defined in the Ordinance) and to the extent necessary from the net proceeds of certain subordinate sewer revenue bonds of the Town. The interest on this Note is payable from and secured by a lien on, the net revenues derived from the operation of the sewerage system of the Town; provided, that such lien on the net revenues is junior, subordinate and inferior to the lien on such net revenues created on behalf of various issues of the Town's sewer revenue bonds, outstanding on the date hereof as defined and set forth in the Ordinance.

This Note does not constitute a corporate indebtedness of the Town within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Town be obligated to pay the same or the interest hereon except from the special fund provided from the grant receipts, the net revenues derived from the operation of said sewerage system and the net proceeds of said bonds. Under the Ordinance, the Town has entered into certain covenants with the Owner, for the terms of which reference is made to said Ordinance. Remedies provided the Owner are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth below, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Ordinance, only upon the books of the Town at the office of the Registrar by the Owner in person or by his attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer satisfactory to said Registrar duly executed by the Owner or his duly authorized attorney. Upon transfer hereof, there shall be issued another fully registered Note or fully registered Notes of the aggregate stated principal amount equal to the stated principal amount hereof but evidencing only the indebtedness reflected on the Record of Advances and Payments attached hereto and outstanding in the aggregate principal amount equal to the advanced but unpaid amount hereof as reflected on the Record of Advances and Payments attached hereto.

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 Note exist, have happened and have been performed in due time, form and manner as required by law, and that this Note, 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 grant receipts and the net revenues of the sewerage system of the Town have been pledged to and will be set aside into a special fund by the Town for, and will be sufficient for, the payment of the principal of and interest on this Note and that the Town will issue the subordinate bonds to the extent necessary to pay the principal hereof and interest hereon on or prior to the maturity hereof.

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

IN WITNESS WHEREOF, The Town of Harrisville, West Virginia, has caused this Note to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by the Recorder, all as of the 17th day of April, 1990.

_____

_____, Mayor

[SEAL]

Attest:

_____

_____, Recorder

CERTIFICATE OF AUTHENTICATION

The undersigned, as Registrar for this Note, hereby certifies that this Note is one of the Notes described in the above-mentioned Ordinance and was duly registered in the name set forth above on the date set forth below.

Date: _____

UNION BANK OF HARRISVILLE, as Registrar

By _____
Its Authorized Officer

RECORD OF ADVANCES AND PAYMENTS*

Date	Amount Advanced	Principal Payment	Outstanding** Balance	Authorized Officer
	$	$	$	

* To be completed upon each draw upon or repayment on the Line of Credit

**Not to exceed $618,000 at any one time.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the Sewer Revenue Note, Series 1990, dated April 17, 1990, of The Town of Harrisville, West Virginia, and does hereby irrevocably constitute and appoint _____, attorney to transfer said Note on the books of said Town with full power of substitution in the premises.

_____

DATED: _____

IN THE PRESENCE OF: _____

0682Z

USDA

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Tel: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284--4836

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, Rural Development, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Series 2001 A Bonds"), in the original aggregate principal amount of not to exceed $638,000, by the Town of Harrisville (the "Issuer"), under the terms of the Bond Ordinance authorizing the Series 2001 A Bonds (the "Bond Ordinance"), on a parity as to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1990, dated April 17, 1990 (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the bond ordinance authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Series 2001 A Bonds or the Bond Ordinance; and (iii) consents to any amendments made to the Prior Ordinance by the Bond Ordinance.

WITNESS my signature on this 12th day of March , 2001.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT

Jenny N. Phillips

JENNY N. PHILLIPS
State Director

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.

PRINTED WITH SOY INK

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA 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. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. LOAN AGREEMENT
11. SPECIMEN BOND
12. BOND PROCEEDS
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. LAND AND RIGHTS-OF-WAY
15. PUBLIC SERVICE COMMISSION ORDER
16. CONFLICTS OF INTEREST
17. VERIFICATION OF SCHEDULE A
18. CLEAN WATER ACT
19. COUNTERPARTS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Harrisville in Ritchie County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Town of Harrisville Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), numbered AR-1, dated the date hereof, in the principal amount of $638,000 (the "Bonds"or the "Series 2001 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly passed by the Issuer on March 20, 2001, effective April 10, 2001, the Supplemental Resolution duly adopted by the Issuer on April 10, 2001 (collectively, the "Ordinance"), 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 March 13, 2001 (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 and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Governing Body 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 Gross Revenues, or the pledge and security of the Net Revenues for the Bonds.

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

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 A Bonds as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1990, dated April 17, 1990, issued in the original principal amount of $618,000 (the "Prior Bonds").

The Series 2001 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holder of the Prior Bonds to the issuance of the Series 2001 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his 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. RATES: The Issuer has duly enacted a sewer rate ordinance on May 9, 2000, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Town of Harrisville." The Issuer is a municipal corporation of the State of West Virginia in Ritchie 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 or appointed, 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	Alan R. Haught	July 1, 1997	June 30, 2001
Recorder	Donna Rae Mullenix	July 1, 1999	June 30, 2003
Council Member	Jeffrey L. Adams	July 1, 1999	June 30, 2003
Council Member	Jeffrey L. Hardman	July 1, 1999	June 30, 2003
Council Member	Richard D. Kerns	July 1, 1999	June 30, 2003
Council Member	Joseph W. Jarrell	July 1, 1997	June 30, 2001
Council Member	Timothy M. Webber	July 1, 1997	June 30, 2001

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman:	Alan R. Haught
Member:	Ronald R. Nutt
Member:	Wilton E. Williams, Jr., P.E.

The duly appointed and acting Attorney for the Issuer is Ira M. Haught, Esquire, of Harrisville, West Virginia.

8. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Governing Body duly and regularly or specifically called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected or appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain 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. All insurance for the System required by the Ordinance and the Loan Agreement is in full force and effect.

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

11. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bond which is identical in all respects with the Bond this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

12. BOND PROCEEDS: On the date hereof, the Issuer received the sum of $60,321 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.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The Ritchie Gazette and The Pennsboro News, 2 qualified newspapers of general circulation in the Issuer, 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 Governing Body at the public hearing held at a public meeting of the Governing Body on April 10, 2001, at 7:30 p.m., prevailing time, in the council chambers of the Town Hall in Harrisville, 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 Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

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

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the PSC order entered on October 3, 2000, in Case No. 00-0661-S-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the PSC Order has expired prior to the date hereof without any appeal having been filed.

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

17. 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.

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

19. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

[The rest of this page is intentionally left blank.]

WITNESS our signatures and the official corporate seal of the Town of Harrisville, West Virginia, on this 11th day of April, 2001.

[SEAL]

Signature	Official Title
_____	Mayor
_____	Recorder
_____	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 19)

03/30/01
004812/00304

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE AS TO ARBITRAGE

The undersigned Mayor of the Town of Harrisville in Ritchie County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $638,000 aggregate principal amount of Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Issuer, dated April 11, 2001 (the "Bonds"), hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance duly passed by the Issuer on March 20, 2001, effective April 10, 2001 (the "Bond Ordinance"), authorizing the Bonds.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 11, 2001, the date on which the Bonds are to be physically delivered in exchange for more than a de minimis amount of the principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it shall 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. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on April 11, 2001, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated March 13, 2001, by and among the Issuer, the Authority, and the West Virginia Division of Environmental Protection (the "DEP"), for an aggregate purchase price of $638,000 (100% of par value), at which time, the Issuer received $60,321 from the Authority and the DEP, being more than a de minimus amount of the principal of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and proceed with due diligence to completion and, with the exception of proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of acquisition and construction of the Project on or before February 2002. The acquisition and construction of the Project is expected to be completed by February 2002.

9. The total cost of acquisition and construction of the Project (including all costs of issuance of the Bonds) is estimated to be $638,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	$638,000
Total Sources	$638,000

USES

Construction of Project	$619,500
Costs of Issuance	$ 18,500
Total Uses	$638,000

The amount of the costs of acquisition and construction of the Project is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds will be longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created (or continued pursuant to the Prior Ordinance):

(1) Revenue Fund;

(2) Depreciation Account;

(3) Renewal and Replacement Fund;

(4) Series 2001 A Bonds Construction Trust Fund;

(5) Series 2001 A Bonds Sinking Fund; and

(6) Series 2001 A Bonds Reserve Account.

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

(1) Bond proceeds in the amount of $ -0- will be deposited in the Series 2001 A Bonds Reserve Account.

(2) The balance of the proceeds of the Bonds will be deposited in the Series 2001 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and construction of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

The Issuer reasonably expects that (i) at least 85% of the net sale proceeds of the Bonds will be spent on the Project within 3 years from the date of issuance of the Bonds; (ii) within 6 months of the date of issuance of the Bonds the Issuer will incur a substantial binding obligation to a third party to expend at least 5% of the net sale proceeds of the Bonds on the Project, and (iii) completion of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project will proceed with due diligence. Accordingly, amounts in the Series 2001 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. § 1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of acquisition and construction of the Project previously incurred and paid by the Issuer with its own funds.

12. Moneys held in the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2001 A Bonds Reserve Account (if equal to the Series 2001 A Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Series 2001 A Bonds Construction Trust Fund, and following completion of the Project, will be deposited in the Series 2001 A Bonds Sinking Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Depreciation Account or the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance

that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the stated principal amount of the Bonds, if any, will be deposited in the Series 2001 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2001 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 2001 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2001 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

14. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into a contract for the acquisition and construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 10 months of the date hereof.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of the Bonds to the Authority.

17. With the exception of the amount deposited in the Series 2001 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 10 months from the date of issuance thereof.

18. The Series 2001 A Bonds Sinking Fund (other than the Series 2001 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2001 A Bonds Sinking Fund (other than the Series 2001 A Bonds Reserve Account therein) will be depleted at least once a year, except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds or 1 year's interest earnings on the Series 2001 A Bonds Sinking Fund (other than the Series 2001 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2001 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2001 A Bonds Reserve

Account therein) will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 2001 A Bonds Sinking Fund (other than in the Series 2001 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

20. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

21. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

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

24. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

25. The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

26. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

27. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

28. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

29. The Issuer has either (a) funded the Series 2001 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2001 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2001 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2001 A Bonds Reserve Account and the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

30. The Issuer shall submit to the Authority, within 15 days following the end of each bond year, a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

31. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

32. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code and has covenanted to take such actions, or refrain from taking such actions, as may be necessary to fully comply with Section 148(f) of the Code and the Regulations, regardless of whether such actions may be contrary to any of the provisions of the Bond Ordinance authorizing issuance of the Bonds.

33. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 2001, the calendar year in which the Bonds are issued, is not reasonably expected to exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth n the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer. No portion of the Bonds is issued to refund other obligations.

34. The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, or payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the

foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

35. The Bonds are a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

36. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bonds determined by assuming the Bonds are retired on the date that when used in computing the yield on the Bonds produces the lowest yield.

37. No portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

39. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

40. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

41. On the date hereof, the undersigned Mayor did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed IRS Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the applicable Internal Revenue Service Center. The information contained in such executed Form 8038-G is true, correct and complete.

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

43. Jackson & Kelly PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

[The rest of this page is intentionally left blank.]

WITNESS my signature on this 11th day of April, 2001.

TOWN OF HARRISVILLE

Alan R. Haught

Mayor

04/02/01
004812/00304

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly elected Recorder of the Town of Harrisville, West Virginia (the "Issuer"), hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Town of Harrisville Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Bonds") are, as of the date hereof, true, complete and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.
2. Oaths of Office of Mayor, Recorder and Council Members.
3. Rules of Procedure of Council.
4. Ordinance Creating Sanitary Board.
5. Oaths of Office of Sanitary Board Members.
6. Rules of Procedure of Sanitary Board.
7. Public Service Commission Order.
8. Infrastructure Council Approval Letter.
9. Loan Agreement.
10. Rate Ordinance.

11. Minutes of Council Meetings regarding All Readings and Public Hearing of the Rate Ordinance.

12. Affidavit of Publication of the Rate Ordinance and Notice of Public Hearing.

13. Petition of Sanitary Board.

14. Bond Ordinance.

15. Supplemental Resolution.

16. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.

17. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.

18. 1990 Bond Ordinance and Supplemental Resolution.

19. USDA Consent to Issuance of Parity Bonds.

20. Financing Statement and Certificate of Filing.

21. NPDES Permit.

[The rest of this page is intentionally left blank.]

WITNESS my signature and the official seal of the Town of Harrisville, West Virginia, on this 11th day of April, 2001.

Donna Rae Mullenix
Recorder

[SEAL]

03/08/01
004812/00304

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF CONSULTING ENGINEER

I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Consulting Engineers, Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of the Town of Harrisville (the "Issuer"), to be constructed primarily in Ritchie County, West Virginia, which acquisition and construction are being permanently financed by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance passed by the Issuer on March 20, 2001, effective April 10, 2001, 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 March 13, 2001 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; and (ii) paying 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 Ira M. Haught, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Howard M. Cloke, III, 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 11th day of April, 2001.

[SEAL]

CERRONE ASSOCIATES, INC.

Manning Frymier

Manning Frymier, P.E.
West Virginia License No. 8497

03/13/01
004812/00304

M0325447.1

C6

SCHEDULE A

Rev. 3/7/01

NAME OF GOVERNMENTAL AGENCY: **TOWN OF HARRISVILLE**

PROJECT DESCRIPTION: **Sewer Rehabilitation Project**

FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

MAR 19 2001

	Total	SRF
A. Cost of Project		
1. Construction & Constr. Contingency		
a. - Rover Construction	315,022	315,022
b. Additional Sewer Rehab (future Chg Order)	140,000	140,000
Total Construction	455,022	455,022
2. Technical Services		
a. Design/Constr. Admin.	44,500	44,500
b. Resident Inspection	35,760	35,760
c. Additional Services	1,400	1,400
d. Future Addendum (add'l sewer rehab)	25,000	25,000
Total Technical Services	106,660	106,660
3. Legal & Fiscal		
a. Legal Fees	8,500	8,500
b. PSC Rule 42 Exhibit	1,700	1,700
c. Accountant's Fee	2,000	2,000
	12,200	12,200
4. Administrative	3,500	3,500
5. Sites and Other Lands	11,000	11,000
6. Fac. Plan/Design or Other Loan Repayment	0	0
7. Interim Financing Costs	8,500	8,500
8. Contingency	22,618	22,618
9. Total of Lines 1 through 8	619,500	619,500
B. Sources of Funds		
10. Federal Grants:		
EPA Planning Advance	0	0
EPA Design Advance	0	0
11. State Grants:		
Small Cities Block Grant	0	0
IJDC Grant	0	0
12. Other Grants	0	0
13. Any Other Source:	0	0
14. Total of Lines 10 Through 13	0	0
15. Net Proceeds Required from IJDC Bond Issue (Line 9 minus Line 14)	619,500	619,500
C. Cost of Financing		
16. Capitalized Interest	0	0
17. Funded Reserve Account	0	0
18. Other Costs		
Bond Counsel	18,500	18,500
19. Total Cost of Financing (Lines 16 through 18)	18,500	18,500
20. Size of SRF Bond Issue (Line 15 plus Line 19)	638,000	638,000

Town of Harrisville

Alan R. Vaught MAYOR

Signature of Applicant

Date: 3-15-01

Cerrone Associates, Inc.

Signature of Consulting Engineer

Date: March 13, 2001

HOWARD M. CLOKE III
Certified Public Accountant
Barboursville, West Virginia 25504
TEL & FAX 304-736-8162

April 11, 2001

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

Town of Harrisville
P. O. Box 243
Harrisville, WV 26362

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

West Virginia Division of Environmental Protection
617 1/2 Leon Sullivan Way
Charleston, WV 25301

Ladies and Gentlemen:

I have reviewed the sewer service rates of the Town of Harrisville (the "Issuer"), enacted by the Issuer on May 9, 2000, and the projected operating expenses and anticipated customer usage provided by Cerrone Associates, Inc. It is my opinion that such rates are sufficient (i) to provide for all operating expenses of the sewerage system of the Issuer (the "System"), and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for the payment of principal of and interest on the Issuer's Sewer Revenue Bonds, Series 1990 (the "Prior Bonds"), and Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Series 2001 A Bonds").

It is further my opinion that the Net Revenues actually derived from the System during the fiscal year immediately preceding the date of the issuance of the Series 2001 A Bonds are not less than 120% of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Prior Bonds and the Series 2001 A Bonds.

Sincerely,

Howard M Cloke III

Howard M. Cloke III
Certified Public Accountant

HMC/ld

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA 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 11th day of April, 2001, in Charleston, West Virginia, the Authority received the entire original issue of $638,000 in aggregate principal amount of the Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Town of Harrisville (the "Issuer"), dated April 11, 2001, issued in the form of one bond, fully registered to the Authority, and numbered AR-1 (the "Bonds").

2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 11th day of April, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

03/08/01
004812/00304

M0325456.1

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

RECEIPT FOR BOND PROCEEDS

The undersigned Mayor of the Town of Harrisville (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On the 11th day of April, 2001, the Issuer received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the $638,000 Town of Harrisville Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated April 11, 2001, (the "Bonds"), of the sum of $60,321, being a portion of the principal amount 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 11th day of April, 2001.

TOWN OF HARRISVILLE

Mayor

03/30/01
004812/00304

M0325458.1

AGENCY: ENVIRONMENTAL PROTECTION
TOTAL: $60,321.00

WARRANT #: 4-6768284
DATE: 04/05/01

TRANACTION ID	INVOICE NUMBER	&	PAYEE REFERENCE	INVOICE DATE	PURCHASE ORDER	AMOUNT
I004773288	1, C544132					$60,321.00

If you have questions concerning the above, please call 304-759-0507.

REMOVE DOCUMENT ALONG THIS PERFORATION

CTL# 7137544

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

STATE WARRANT # **4-6768284**

APRIL 05, 2001

PAY TO THE ORDER OF TOWN OF HARRISVILLE

**********$60,321.00**

4-6768284

WEST VIRGINIA TREASURY

John D Perdue
STATE TREASURER

Glen B Gainer III
AUDITOR

⑈4676828 4⑈ ⑆051902322⑆ 999310⑈6⑈

This is your receipt

All items are credited subject to payment and verification

Please refer to the reverse side for an explanation of your receipt.

Huntington

DEPOSIT TO CHECKING 01191100779

22 770 12 009 04/11/01 04/11/01 0919

AMOUNT $60,321.00

THANK YOU FOR BANKING AT THE HUNTINGTON

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER THE BONDS

April 11, 2001

Branch Banking and Trust Company, as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $638,000 Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), in the form of one bond, numbered AR-1, dated April 11, 2001 (the "Bonds"), of the Town of Harrisville, West Virginia (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly passed by the Issuer on March 20, 2001, effective April 10, 2001, and a Supplemental Resolution duly adopted by the Issuer on April 10, 2001.

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 HARRISVILLE

Alan R. Haught
Mayor

(SEAL)

Attest:

Donna Rae Mullenix
Recorder

03/08/01
004812/00304

M0325460.1

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 11th day of April, 2001, by and between the TOWN OF HARRISVILLE, WEST VIRGINIA, a municipal corporation (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $638,000 Sewer Revenue Bonds, Series 2001 A (West Virginia 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 March 20, 2001, effective April 10, 2001, and a Supplemental Resolution duly adopted April 10, 2001 (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 Harrisville
P.O. Box 243
Harrisville, WV 26362
Attention: Mayor

REGISTRAR:

Branch Banking and Trust Company
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 authenticate and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

TOWN OF HARRISVILLE

Alan R. Daughtry

Mayor

BRANCH BANKING AND TRUST COMPANY

Charlotte S. Morgan

Authorized Officer

03/08/01
004812/00304

EXHIBIT A

See Bond Ordinance (Tab No. 15)
See Supplemental Resolution (Tab No. 16)

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Town of Harrisville, West Virginia (the "Issuer"), dated April 11, 2001, in the principal amount of $638,000, and numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 11th day of April, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Charlotte S Morgan

Authorized Officer

03/08/01
004812/00304

M0325461.1

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

THE HUNTINGTON NATIONAL BANK, Harrisville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Harrisville, West Virginia (the "Issuer"), passed by the Issuer on March 20, 2001, effective April 10, 2001, and a Supplemental Resolution adopted by the Issuer on April 10, 2001 (collectively, the "Ordinance"), authorizing the issuance of the Town of Harrisville Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), in the aggregate principal amount of $638,000, dated April 11, 2001, and agrees to serve as Depository Bank, all as set forth in the Ordinance.

Witness my signature on this 11th day of April, 2001.

THE HUNTINGTON NATIONAL BANK

Kathryn L. Frederick
Authorized Officer

03/08/01
004812/00304

M0325464.1

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.12

NEW ISSUE REPORT FORM
Date of Report: April 11, 2001

ISSUE: Town of Harrisville Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program)

ADDRESS: P.O. Box 243, Harrisville,WV 26362 COUNTY: Ritchie

PURPOSE OF ISSUE: New Money X
Refunding ___ Refunds issue(s) dated: _____

ISSUE DATE: April 11, 2001 CLOSING DATE: April 11, 2001

ISSUE AMOUNT: $ 638,000 RATE: 2%; Administrative Fee: 1%

1st DEBT SERVICE DUE: June 1, 2002 1st PRINCIPAL DUE: June 1, 2002

1st DEBT SERVICE AMOUNT: $ 9,696 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: The Huntington National Bank
Contact Person: Kathryn Frederick
Phone: (304) 643-2901

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Donna Rae Mullenix
Position: Recorder
Phone: (304) 643-2719

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: $ 36,420.00 -1990 Reserve Acct.
Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: $_____
To Issuer: $_____
To Cons.Invest.Fund $_____
To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

03/13/01
004812/00304

33

M0325467.1

TOWN OF HARRISVILLE
SEWER REVENUE OPERATION FUND
HARRISVILLE, WV 26362

Huntington Banks
HARRISVILLE OFFICE
HARRISVILLE, WV 26362
69-376/519

10885

04/10/2001

PAY TO THE ORDER OF WV MUNICIPAL BOND COMMISSION **$** **36,420.00

Thirty-Six Thousand Four Hundred Twenty and 00/100********** **DOLLARS**

Alan R. Haught
Donna R. Martinez
J. W. Garrett
MAYOR - RECORDER - TREASURER

MEMO: Series 1990 Bond Reserve Account

⑈010885⑈ ⑆051903761⑆ 0119101048 7⑈

19990710 A03 McBee CALL 1 800 862-2331

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF FILING OF FINANCING STATEMENT

The undersigned Secretary of State of the State of West Virginia, hereby certifies that on the date and at the hour set forth below, there was filed in my office:

(1) A FINANCING STATEMENT between the Town of Harrisville, as debtor, and the West Virginia Water Development Authority, as secured party, filed on April 11, 2001, at the hour of 11:54 A.m. as Financing Statement No. 558197.

[SEAL]

Secretary of State of the State of West Virginia

02/21/01
004812/00304

M0326062.1

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1 Debtor(s) (Last Name First) and address(es)	2 Secured Party(ies) and address(es)	3 Maturity ... For Filing Officer (Date, Time and Filing Office)
Town of Harrisville PO Box 243 Harrisville, WV 26362	West Virginia Water Development Authority 180 Association Drive Charleston, WV 25311	0558197 01 APR 11 AM 11:54 WV SEC. OF STATE FILED

4 This financing statement covers the following types (or items) of property:

See Schedule I Attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check ☒ if covered: ☐ Proceeds of Collateral are also covered ☐ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: West Virginia Secretary of State

Town of Harrisville

By [signature] Mayor
Signature(s) of Debtor(s)

West Virginia Water Development Authority

By [signature] Director
Signature(s) of Secured Party(ies)

1 FILING OFFICER COPY – ALPHABETICAL

SCHEDULE I TO FINANCING STATEMENT OF TOWN OF HARRISVILLE

0558197

All Net Revenues from the System; the System; all funds in the Revenue Fund, the Depreciation Account, the Renewal and Replacement Fund, the Series 2001 A Bonds Construction Trust Fund, the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account; and all funds therein deposited from time to time; and all proceeds of the foregoing.

For the purposes of this financing statement, these terms are defined as follows:

"Depreciation Account" means the Depreciation Account created by the Prior Ordinance and continued by the Bond Ordinance described below.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System 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).

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all 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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by Section 5.01 of the Bond Ordinance described below.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinance and continued by the Bond Ordinance described below.

"Series 2001 A Bonds Construction Trust Fund" means the Series 2001 A Bonds Construction Trust Fund created by Section 5.01 of the Bond Ordinance described below.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account created by Section 5.02 of the Bond Ordinance described below.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund created by Section 5.02 of the Bond Ordinance described below.

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

Other defined terms used in this Schedule I and not defined herein shall have the meanings ascribed to them in the Bond Ordinance authorizing the Town of Harrisville Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), a copy of which is on file and may be inspected at the office of the Secured Party indicated above.

JACKSON & KELLY PLLC
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

http://www.jacksonkelly.com

217 WEST BURKE STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

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

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

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40588
TELEPHONE 859-255-9500

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

May 1, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Re: Town of Harrisville
Sewer Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Very truly yours,

Samme L. Gee

FT:lp

Enclosure

cc: Donna Rae Mullenix *(w/ enc.)*

M0325475.1

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

If **Amended Return,** check here ▶ ☐

Part I Reporting Authority

1 Issuer's name: Town of Harrisville

2 Issuer's employer identification number: 55 6000184

3 Number and street (or P.O. box if mail is not delivered to street address): P.O. Box 243 — Room/suite:

4 Report number: 3 01

5 City, town, or post office, state, and ZIP code: Harrisville, West Virginia 26362

6 Date of issue: 4/11/2001

7 Name of issue: Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program)

8 CUSIP number: None

9 Name and title of officer or legal representative whom the IRS may call for more information: Samme L. Gee, Esquire

10 Telephone number of officer or legal representative: (304) 340-1318

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☒ Environment (including sewage bonds)	15	$638,000
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	3/1/2022	$ 638,000	$ 638,000	11.677 years	2.0070 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest		22	0
23	Issue price of entire issue (enter amount from line 21, column (b))		23	$638,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24 $18,500		
25	Proceeds used for credit enhancement	25 0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26 0		
27	Proceeds used to currently refund prior issues	27 0		
28	Proceeds used to advance refund prior issues	28 0		
29	Total (add lines 24 through 28)		29	$18,500
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	$619,500

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.) N/A

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

33 Enter the last date on which the refunded bonds will be called ▶

34 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous N/A

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) — 35

36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) — 36a

b Enter the final maturity date of the guaranteed investment contract ▶

37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units — 37a

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Alan R. Haught — Signature of issuer's authorized representative

4/11/2001 — Date

Alan R. Haught, Mayor — Type or print name and title

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 11-2000)

CLOSING MEMORANDUM

To: **Donna Rae Mullenix**
Ira M. Haught
Rosalie Brodersen
Carrie Grimm
Barbara Meadows
Witter Hallan
Samme Gee

From: **Francesca Tan**

Date: **April 2, 2001**

Re: **Town of Harrisville Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program)**

---

1. DISBURSEMENTS TO TOWN

A.	Payor:	West Virginia Division of Environmental Protection
	Source:	Series 2001 A Bonds Proceeds
	Amount:	$60,321
	Date:	April 11, 2001
	Form:	Check
	Payee:	Town of Harrisville
	Bank:	Huntington National Bank
	Account:	Series 2001 A Bonds Construction Trust Fund

Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone: (304) 558-8855 or 558-4086
Fax: (304) 558-5903

West Virginia Division of Environmental Protection

Cecil H. Underwood
Governor

Michael C. Castle
Director

June 14, 2000

Honorable Alan R. Haught
Mayor, Town of Harrisville
P. O. Box 243
Harrisville, WV 26362-0243

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mayor Haught:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0022357, dated the 14th day of June, 2000 for the Town of Harrisville to serve same in Harrisville, 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 Reports (DMRs) which are 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 C.19, Attention: Engineering Branch. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this office does not supply permittees with DMR forms.

Please be advised that the Division of Environmental Protection, including this Office, has adopted a more efficient and effective approach to addressing water quality management in the state. This approach is called Watershed Management, whereby all 32 hydrologic regions in the state are divided into five groups, (A to E), and each group goes through a five (5) year management cycle. If you have any questions regarding watershed, or would like additional information, please contact us at the number listed below.

In order to implement the five (5) year cycles for each Hydrologic Region, it is necessary to synchronize the expiration date of all NPDES permits with the implementation date of each Hydrologic Region's Basin Plan.

Upon evaluation of WV/NPDES Water Pollution Control Permit No. WV0022357, it has been determined that to achieve synchronization with the Watershed Management framework, this Permit shall be issued for a period of four (4) years.

Please, also, note the attachment to this Permit which describes the annual permit fee requirement. Reissuance of your permit does not change the annual fee billing cycle.

Finally, note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

Division of Environmental Protection
Office of Water Resources
1304 Goose Run Road
Fairmont, WV 26554

If you have any questions, please contact Yogesh Patel of this office at (304) 558-8855 or by TDD No. (304) 558-2751.

Very truly yours,

Pravin G. Sangani, P. E.
Branch Leader, Permits

PGS:bb

Enclosures

WRD 1A-82evised 11/97

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

Permit No.: WV0022357

Subject: Sewage Facilities

Issue Date: June 14, 2000

Effective Date: July 14, 2000

Expiration Date: June 13, 2004

Supersedes: WV/NPDES Permit No .WV0022357 Issued on Date March 24, 1995

Location:	Harrisville	Ritchie	Little Kanawha
	(City)	**(County)**	**(Drainage Basin)**

Outlets: 001
Latitude: 39° 12′ 30″ North
Longitude: 81° 03′ 25″ West

To whom it may concern:

This is to certify that Town of Harrisville
P.O. Box 243
Harrisville, WV 26362

is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing wastewater collection system and an existing 0.325 MGD wastewater treatment plant which are further described as follows:

The wastewater collection system is comprised of approximately 6,000 linear feet of four (4) inch diameter gravity sewer line, 1,000 linear feet of six (6) inch diameter gravity sewer line, 4,400 linear feet of eight (8) inch diameter gravity sewer line, 2,500 linear feet of 10 inch diameter gravity sewer line, 80 manholes, 4 lift stations, 7,091 linear feet of three (3) inch diameter, 1,200 linear feet of four (4) inch diameter, and 2,600 linear feet of six (6) inch diameter force mains, and all requisite appurtenances.

The wastewater treatment plant is comprised of a bar screen, a 137'x29'x12' oxidation ditch with three(3) aerating rotors, two(2) 30' diameter clarifiers, an ultraviolet disinfection unit, cascade aeration, two(2) 476 ft^2 wedgewater sludge drying beds, and all necessary appurtenances.

(Continued on Page 2)

Facilities are to serve a population equivalent of approximately 3,250 persons in the Town of Harrisville, and discharge treated wastewater to the Front Run (approximately 0.3 miles from its mouth) of Back Run of North Fork of Hughes River of Little Kanawha River.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0022357 dated the 7th day of March, 2000 and additional information submitted on 6th day of April, 2000, are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C, D, and Appendix A.

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.

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 859-255-9500

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

April 11, 2001

Town of Harrisville
P.O. Box 243
Harrisville, WV 26362

West Virginia Division of Environmental Protection
617½ Leon Sullivan Way
Charleston, WV 25301

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

Re: Town of Harrisville
Sewer Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Harrisville ("the Issuer"), a municipal corporation, in connection with the issuance of its Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds dated March 13, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the

principal amount of $638,000, in the form of one bond, registered as to principal and interest to the Authority, with interest at the rate of 2% per annum, and with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2002, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF Administrative Fee equal to 1% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on March 20, 2001, effective April 10, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 10, 2001 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Loan Agreement when used herein.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

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

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

3. The Loan Agreement inures to the benefit of the Authority and the 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 has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1990, all in accordance with the terms of the Bonds and the Ordinance.

6. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied

subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 7 below, we express no opinion regarding other federal tax consequences arising with respect of the Bonds.

7. Based upon the certifications of the Issuer set forth in the Certificate as to Arbitrage and under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code. The opinion set forth above is subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code relating to the applicable exceptions to rebate. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements could cause proceeds of the Bonds to be subject to such arbitrage rebate requirements retroactive to the date of issuance of the Bonds.

8. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

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

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

Very truly yours,

Jackson & Kelly PLLC

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IRA M. HAUGHT
ATTORNEY AT LAW
210 E. MAIN STREET
HARRISVILLE, WEST VIRGINIA 26362

TEL: (304) 643-4186 FAX: (304) 643-2137

April 11, 2001

Town of Harrisville
P. O. Box 243
Harrisville, WV 26362

West Virginia Division of Environmental Protection
617-1/2 Leon Sullivan Way
Charleston, WV 25301

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

Jackson & Kelly PLLC
P. O. Box 553
Charleston, WV 25322

Re: Town of Harrisville
Sewer Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

Ladies and Gentlemen:

I am counsel to the Town of Harrisville in Ritchie County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson & Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement for the Bonds, dated March 13, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), a Bond Ordinance duly passed by the Issuer on March 20, 2001, effective April 10, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 10, 2001 (collectively, the "Ordinance"), a Petition of the Sanitary Board duly adopted on March 12, 2001, and other documents relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law. The Sanitary Board has been duly created by the Issuer and is presently existing as a sanitary board under the Act.

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

3. The Mayor, Recorder and members of the Council and the Sanitary Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect.

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the DEP, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia ("the PSC"), 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 PSC order entered on October 3, 2000, in Case No. 00-0661-S-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for

the Project and approving the financing for the Project. The time for appeal of the PSC Order has expired prior to the date hereof without any appeal having been filed.

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, or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

Ira M. Haught
Attorney at Law

IMH/ram

IRA M. HAUGHT
ATTORNEY AT LAW
210 E. MAIN STREET
HARRISVILLE, WEST VIRGINIA 26362

TEL: (304) 643-4186 FAX: (304) 643-2137

April 11, 2001

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P. O. Box 243
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Charleston, WV 25301

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

Jackson & Kelly PLLC
P. O. Box 553
Charleston, WV 25322

Re: Final Title Opinion for Town of Harrisville

Ladies and Gentlemen:

I am counsel to the Town of Harrisville in Ritchie County, West Virginia (the "Issuer"), in connection with a proposed project to construct certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Division of Environmental Protection (the "DEP") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Cerrone Associates, Inc., the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Ritchie County to protect the legal title to and interest of the Issuer.

Very truly yours,

Ira M. Haught
Attorney at Law

IMH/ram